Ohio Rail Development Commission

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September 4, 2008

Dear Commissioners:

Enclosed please find relevant information to the **Thursday, September 11, 2008** Commission meeting. Minutes of the July 10, 2008 meeting are enclosed. Please review the minutes prior to the meeting.

Our meeting will be held in the Vern Riffe Center, 31st floor, South B&C, beginning at 10:00 a.m. If you haven't already done so, please contact Susan Arduini to confirm your attendance. You may reach her at 614/644-0307 (telephone) or by e-mail at susan.arduini@dot.state.oh.us.

We look forward to seeing you.

Sincerely,

Jolene

Jolene M. Molitoris
Chairwoman

enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA
Thursday, September 11, 2008
Vern Riffe Center for Government & the Arts
77 South High Street, 31st floor, Columbus, Ohio

CALL TO ORDER: Jolene M. Molitoris, Chairwoman

- Welcome
- Roll Call
- Approval of Minutes from July Meeting

EXECUTIVE DIRECTOR REPORT: Matt Dietrich

FINANCE REPORT: Megan McClory

REQUEST FROM COLUMBUS & OHIO RIVER RAILROAD TO TRANSFER PANHANDLE OPERATING AGREEMENT TO GENESEE & WYOMING INC.

- Panhandle Advisory Committee Report
  Commissioner Tom McOwen, Committee Chairman
- Resolution 08-18: Genesee & Wyoming Inc. Acquisition of Columbus & Ohio River Rail Road Company Approval

PROJECTS FOR APPROVAL

- Resolution 08-15: West Central Ohio Port Authority Springfield to Washington Court House Rehabilitation
- Resolution 08-16: Maumee and Western Railroad Defiance Yard Phase II and Select Track Rehabilitation
- Resolution 08-17: RJ Corman Western Ohio Lines Bridge Improvements & Track Work

APPROVED PROJECT BRIEFINGS

- Ashland Railway Bridge Deck Replacement
- Camp Chase Rehabilitation, Phase III
- Ohi-Rail Bridge Repairs, Phase II

JOBS AND CARLOADS REPORT: Beverly Lee

REPORTS OF STANDING COMMITTEES

NEW BUSINESS

PUBLIC COMMENT

ADJOURN

MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
JULY 10, 2008

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairwoman Jolene M. Molitoris at 10:05 a.m. on Thursday, July 10, 2008.

MEMBERS PRESENT

Chairwoman Molitoris asked Megan McClory to call the roll. Members present included: Chairwoman Jolene Molitoris, Commissioners Tom McOwen, Solomon Jackson, Herk Wolfe, Larry Sowers, Howard Wood for Director James Beasley, William Murdock, Barbara Bennett, Emily McBane for Representative Robert Hagan; and Senator Larry Mumper. Members absent included Senator Capri Cafaro and Representative Larry Flowers. There were eight voting members present.

ACKNOWLEDGEMENT OF DANIEL J. ROBERTS, ORDC COMMISSIONER, AND READING OF RESOLUTION 08-14; DANIEL J. ROBERTS MEMORIAL RESOLUTION

Chairwoman Molitoris spoke about the untimely passing of our friend and colleague Daniel J. Roberts. She announced Dan's wife, Kimberly, and sister, Jana, were both present at the meeting. Chairwoman Molitoris expressed her sympathies to the Roberts family and thanked both women for being present. She asked Mrs. Roberts if she would like to make any comments. Mrs. Roberts expressed Dan's love for the work of the commission and his passion for railroading. She thanked everyone for their support during this difficult time and reiterated how much Dan valued his colleagues.

Each commissioner then took a moment to read aloud a section from Resolution 08-14; Daniel J. Roberts Memorial Resolution. Chairwoman Molitoris asked for a motion to approve Resolution 08-14. Commissioner Sowers moved to approve the resolution and Commissioner Jackson seconded the motion. Roll call was taken with eight votes in the affirmative. Chairwoman Molitoris presented Mrs. Roberts with a copy of the resolution and thanked her again for coming to the meeting to allow us an opportunity to show her how much the staff and commissioners cared for Dan.

INTRODUCTION OF WILLIAM MURDOCK, NEW ORDC COMMISSIONER

Chairwoman Molitoris introduced William Murdock, ODOD's Director of the Urban Development Division and commission designee for Lt. Governor Lee Fisher. Chairwoman Molitoris welcomed him to the commission. She asked Commissioner Murdock to speak a bit on his background. Commissioner Murdock expressed his passion for rail/economic development and stated he is looking forward to working with each commissioner.

APPROVAL OF THE MINUTES OF THE MAY MEETING

Chairwoman Molitoris asked for a motion to approve the minutes of the May 8, 2008 meeting. Commissioner Wolfe moved to approve the minutes and Commissioner Sowers seconded the motion. Roll call was taken. The minutes were approved as presented with seven votes in the affirmative, one abstention.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Matthew Dietrich presented his Executive Director's report to the commissioners. His report can be found on page 3 of the commission packet. Director Dietrich spoke first on the 21st Century Task Force and ORDC's recent activities with the task force.

He reported ORDC has provided multiple presentations to the committees as well as has participated in several regional meetings. Chairwoman Molitoris took the opportunity to personally thank Art Arnold who has attended every meeting and has been extremely active with his organization's support of the task force.

Director Dietrich highlighted the Governor's Economic Stimulus Package and reported on June 12, 2008 the Governor signed HB 554 into effect. This bill is an economic stimulus package that includes $100 million for logistics and distribution. Director Dietrich reported the Ohio Department of Development will administer the funds with consultation from the Ohio Department of Transportation and ORDC.

Director Dietrich then commented on the Corrections Bill and indicated that ORDC will now be authorized to leverage its loan funds for Enterprise Bond Fund financing through the Ohio Department of Development. Director Dietrich thanked Senators Mumper and Cafaro as well as Senator Joy Padgett and State Treasurer Richard Cordray for their efforts in securing approval for this change.

Amtrak 3-C Service is still an on-going effort as staff continues to work with Amtrak to narrow down the list of alternative routes. Director Dietrich reported staff has been meeting with community representatives from the major cities involved to obtain their input in regards to station locations.

Director Dietrich spoke about two grant applications to the Federal Railroad Administration ORDC is participating in: a $594,000 grant to resolve routing issues associated with corridors that are part of the MWRRI initiative, and a separate application for $125,000 to assist with short- term and long-term station location issues in the 3-C corridor.

Director Dietrich reported staff sent out letters to all the railroads soliciting rehabilitation projects for fiscal year 2009. He indicated staff hopes to bring approximately $1 to $1.5 million in projects to the next commission meeting scheduled in September. He reported staff is also working on scheduling a commission retreat for sometime in October. The dates and location will follow soon.

Finally, Director Dietrich welcomed two new members to the ORDC staff: Cathy Stout who has joined the Safety Section as an Assistant Manager under Susan Kirkland and Tom Burns who has joined us as our intern and will be conducting grade crossing research as well as other research during his time with us.

FINANCE REPORT

Megan McClory, ORDC's Secretary Treasurer, presented the Finance Report to the Commissioners. She indicated the report can be found on page 17 of the commission packet. Ms. McClory spoke about the City of Jackson's rehabilitation request that was approved at the last meeting (May). She reported the grant allowed "up to $350,000" and announced that ORDC

was able to provide $324,000 for the project.

Ms. McClory reported ORDC has agreed to participate in two grants: one to Operation Lifesaver to assist with costs associated with the display booth at the State Fair and the other for TMACOG's 2008 Ohio Conference on Freight scheduled for September 15-17 in Toledo.

Ms. McClory reported the 2010-2011 budget request is due on September 15. She reported ORDC staff met with ODOT officials and other Central Office deputy directors to discuss the budget and ORDC's programs. Ms. McClory distributed a handout to the commissioners that provides background on the programs where the requests are being made.

PROJECTS

Resolution 08-11 – Trumbull County/Warren & Trumbull RR/Warren Steel Holdings

Lou Jannazo, ORDC's Chief of Project Development, presented Resolution 08-11 to the commissioners. Mr. Jannazo reported the ORDC request is for a $300,000 grant to assist in off-setting the costs associated with reinstating a 2.5 mile segment of the Warren & Trumbull Railroad in the City of Warren, estimated to cost $1.4 million. Mr. Jannazo stated Warren Steel needs this rail service and is in the process of investing more than $22 million into its plant to produce steel in Warren. The company currently employs 100 people and could potentially add as many as 40 new jobs as production increases.

Staff recommends the commission empower Executive Director Dietrich to grant up to $300,000 toward this project and report back to the commission the provisions of the Warren & Trumbull RR track rehabilitation project due to the fact that work may need to commence prior to the time in which approvals could be obtained (i.e., September Commission Meeting).

Commissioner Bennett asked whether the other project funds had been committed and how long it would take to secure a required easement. Mr. Jannazo stated that the Ohio Department of Development funds have been committed. He said that the mayor is personally involved with the project and obtaining the easement and is confident it will be obtained. William Strawn of the Ohio Central stated that he appreciates Mr. Jannazo's efforts in putting this project together. He said he is confident the easement will be granted but that they can use the existing line if necessary. Commissioner Bennett said she did not like the last minute feel of this request. Mr. Strawn mentioned that there was $750,000 invested on-site before the prior operator's bankruptcy.

Chairwoman Molitoris asked for a motion to approve Resolution 08-11. Commissioner McOwen moved to approve the resolution and Commissioner Sowers seconded the motion. Roll call was taken with eight votes in the affirmative.

Resolution 08-12 – Lancaster Port Authority/US Corrugated

Mr. Jannazo reported this project was previously presented at the May meeting and that this request is to finance the remainder of the project. He indicated the project briefing can be found on page 30 of the commission packet.

Mr. Jannazo stated this request is for a loan of up to $170,000 for the US Corrugated project to the Lancaster Port Authority to assist with the costs of construction of a turnout and 1600 feet of new track off of an existing spur serving Anchor Hocking. US Corrugated is expected to be in

operation by September. Mr. Jannazo indicated rail is a part of the incentive package as the company needs the rail to bring in large rolls of paper. This project will create 110 new positions with an average hourly wage of $16 plus $6 per hour in benefits.

Michael Pettit of the Lancaster Port Authority stated that full operation of the plant is expected by October 15, that service to the US Corrugated facility is being planned so as to not conflict with service to Anchor Hocking, and that land acquisition is already complete for the project.

Chairwoman Molitoris asked for a motion to approve Resolution 08-12. Commissioner McOwen moved to approve the motion and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative.

Resolution 08-13 – 2008 Polar Express Request/Panhandle Line

Executive Director Dietrich presented Dennison Depot's 2008 Polar Express Proposal to the commission. This proposal identifies specific dates on which the Polar Express Excursion Service would like to operate in the 2008 season. Director Dietrich reported Ohio Central Railroad Systems made the decision to begin phasing out its excursion operations on the lines the railroad owns as well as the Panhandle Line due to increasing liability concerns. The Panhandle Operating Agreement currently provides for third party operators on the line in pursuit of the excursion service. ORDC staff has been working with the Railroad and Dennison Depot to continue operations. Director Dietrich reported staff is recommending the commission approve the 2008 Polar Express Excursion Service request for specified dates in December (5,6,7,12,13 and 14) subject to ALL of the following conditions:

- The Depot will use its best efforts to reconfigure the route and operations (possibly slowing the speed and reducing the distance without negatively impacting the time of the trip) of its service to reduce the number of grade crossings traveled if feasible.
- Local law enforcement will provide additional safety at grade crossings as the train passes.
- The equipment (both locomotives and passenger cars) for the service will be inspected by the FRA. (The Ohio Central will only be involved in the portion of the inspection that is external and needed to interchange the cars to the Depot.) Dennison Depot will work with the railroad directly to get rates to move cars to the Depot.
- The Ohio Central, with concurrence from the FRA, will provide a procedure to qualify the locomotive engineers on the equipment and territory.
- Prior to the operation of each excursion run, the excursion operator must, at its own cost, provide for inspection of the track to be used by a certified track inspector and that inspector must certify that the track is adequate for the service recommended. If there are freight movements over the same track between excursion runs, the excursion operator must re-inspect and recertify the track prior to the next excursion run.
- Agreement by the Depot that any Excursion Service must not unduly interfere with the freight operations. In the event that there is a conflict between freight train movement and an Excursion Service movement, the freight train movement shall have priority. Additionally, the Depot agrees to pay any late fees or penalties that the freight operator incurs as result of excursion. Both the parties shall make best faith efforts to coordinate any Excursion Service with the freight movements so that the freight service is not unduly interrupted.

- If all of the conditions above are met then the liability insurance amount required will be $30 million.
- Fees charged for the Dennison Depot to run the service will be $2,016.67 per day of the operation plus any itemized expenses for actual costs incurred by the railroad for such items as inspection and training of crews.
- Further Polar Express Operations are not guaranteed and are subject to evaluation each year. This authorization only applies to December 2008.

Wendy Zucal, Director of the Dennison Depot Railroad Museum, thanked everyone for their support of this endeavor. Chairwoman Molitoris commented on the team effort this issue has taken to reach this agreement and commended Director Dietrich for his role in getting us to this point. Several entities were involved i.e., Ohio Central, ORDC, Governor's Office, the Depot, etc. to make the 2008 excursion service a reality.

Bill Strawn of the Ohio Central stated that they had submitted the agreement requirements to the Federal Railroad Administration to get more information on the qualification of engineers.

Commissioner McOwen commented on the "passenger-friendly" attitude of the Ohio Central and the determination of Wendy Zucal to make this happen. Liability is the reason why this service is even an issue. Additional discussion took place with Chairwoman Molitoris requesting a motion to approve Resolution 08-13. Commissioner Murdock moved to approve the resolution and Commissioner Wolfe seconded the motion. Roll call was taken with eight votes in the affirmative.

PANHANDLE LONG TERM LEASE COMMITTEE REPORT

Commissioner McOwen (Chairman of the Panhandle Long Term Lease Committee) reported the Panhandle Committee met recently on May 28 and June 25. The purpose of those meetings was to determine how to address the State's passenger rail rights within the long-term lease. Chairman McOwen indicated the committee is working to draft language for the lease that makes a distinction between passenger and excursion services. He reported the committee conducted a physical inspection of the Line on June 19. Chairman McOwen stated the tour went very well and thanked the railroads (Ohio Central and Wheeling & Lake Erie) for their time and efforts with organizing this tour. He reported on several areas of need with regard to rehabilitation (i.e., Gould Tunnel, Tyndal Bridge, etc.) and indicated the Ohio Central has identified approximately 7 miles of track replacement needs.

Chairman McOwen commented on the bike trail that runs through the City of Newark. This 15-mile trail is so close to the track you cannot see the trail from the rail car. This is a very dangerous situation should an accident ever occur.

Chairman McOwen stated his committee is currently down two members with the resignation of Jim Hartung and the departure of Kimberly Gibson from ODOD. He inquired if anyone on the commission has a desire to serve on this important committee and asked that they contact him.

Director Dietrich followed-up Chairman McOwen's report with another thank you to the railroads involved with this trip and a special thank you to Tom McOwen and his wife, Nancy, who provided the dome car in which to view the Line as well as the food for everyone who

participated.

REPORTS OF THE STANDING COMMITTEES

Economic Development/Long-Term Strategy Committee

Commissioner Barbara Bennett, Committee Chair, spoke about her efforts to try and get the committee together and indicated that due to the 21st Century Transportation Priorities Task Force meetings and summer activities it has been extremely difficult to get something scheduled.

Chairwoman Bennett asked that all committee members allow for 2-4 hours for the initial meeting which she would like to take place in Columbus. She listed the committee members as herself, Director Beasley, Commissioner Jackson, Commissioner McOwen, Commissioner Murdock (should he accept her invitation) and ORDC Secretary-Treasurer Megan McClory. Chairwoman Bennett listed "homework" items she has forwarded to the committee members and asked that they review these items prior to the meeting: Memorandum from Chairwoman Molitoris/2008 ORDC Action Plan; ODOT's 2008-2009 Business Plan; the Ohio Freight Rail Choke Point Study and Transportation for Tomorrow Summary. All of these resources are available on-line but ORDC staff can forward any information to the committee members should they desire.

Chairwoman Bennett reported the first meeting of this committee will include brainstorming on the priorities list identified in the Action Plan as well as identifying goals and benchmarks. She indicated the committee will be ready to report their findings at the October retreat.

Chairwoman Molitoris spoke about the Governor's office in Washington and how supportive they are of our legislative efforts. She indicated it is a good time to discuss transportation options and asked the commissioners to be "ambassadors" of multi-modal options by participating in the 21st Century Task Force which has three sub-committees available for involvement.

Commissioner Jackson, Chair of the Human Resources Committee, reported the first meeting of the Committee took place on June 17th. He stated Commissioner Dan Roberts presented a quote that the committee will use as a framework for the committee. It is "We need to strive for more than what we are legally required to do as it relates to human resource issues." Chairman Jackson commented on Gloria Howard's (ORDC) participation on the committee and how happy he is to have staff involvement. The last meeting included the following commissioners/staff: Chairman Jackson, Commissioner Sowers, Commissioner Roberts, Megan McClory, Gloria Howard and Alan Klodell. He commented on Commissioner Sowers' use of an acronym that sums up the purpose of the committee: M-O-S-T. Management and Organized Labor Striving Together!

NEW BUSINESS

ORDC staff members Wende Jourdan and Stu Nicholson noted that a sympathy card was available for signature for Commissioner Roberts' family and that an education fund had been established for his daughter.

Commissioner McOwen announced that the Budget/Finance Committee will meet immediately following the Commission meeting in Room West A.

PUBLIC COMMENT

Ken Engstrom, district director for Congressman Zack Space, stated that the Congressman serves on the Transportation and Infrastructure Committee and that the resources of his office are available if they can help in any way. He stated that the Congressman is extremely pleased that Ohio Central and Dennison Depot could come to an agreement, he applauded the efforts of the Ohio Central, Dennison Depot, ORDC Director and staff, and said that Representatives Sayre and Okey and Senator Wilson feel the same. He offered his office's assistance in working with the FRA to certify the train crews.

Art Arnold from the Ohio Railroad Association commented, in relation to his role on the 21st Centray Transportation Priorities Task Force, that there is an awakening around the state that ODOT is not the same entity that it was two years ago. He specifically mentioned Director Beasley's personal efforts. The Task Force has been interesting and better attended as meetings moved around the state. The Task Force has heard a great deal of interest in rail, especially passenger rail. He suggested that the state keep in mind how to achieve a win-win situation between passenger and freight rail because service can't happen without both sides. The task force now has a different timetable, due to the volume of information and work involved. The deadline has been moved to mid-November, although a draft is expected in October. He stated that meetings are continuing and there is still an opportunity to contribute. The Task Force is charged with identifying not just what kind of transportation system the state wants, but how it can help generate jobs and provide a strong basis for the continuing economy, and how to pay for all these great ideas.

Bob Campbell, TransSystems Corporation, stated that he was previously at ODOT for 9 years and has attended several task force meetings. He said it has been a great experience but with the information overload, he understands the timeline extension. He agreed with Art Arnold's comments, that it is the first time he recalls ODOT being serious about multimodal transportation. A serious effort is obvious, and he applauds it.

Michael Gaynor of GO21, an organization headquartered in Washington D.C. that advocates for expanded freight rail nationwide, introduced himself. GO21 is trying to pass 2 tax credits that would be available to railroads and companies. Rep. Space is a co-sponsor and Go21 is trying to get 1,000 businesses to sign onto a letter of support, and asked that anyone in the audience who would like to participate see him after the meeting. Chairwoman Molitoris requested a copy of the letter.

ADJOURNMENT

Chairwoman Molitoris called the meeting adjourned at 12:03 p.m. in memory of Dan Roberts.

TO: ORDC Commissioners
FROM: Matthew Dietrich
SUBJECT: September 2008 Executive Director's Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since the July Commission Meeting.

21st Century Transportation Priorities Task Force: The ORDC staff continues its involvement with the Task Force as it wraps up its work. The Commission will have an update of the Task Force's work at the October 2nd Retreat. The current completion date is early December.

CSX National Gateway: ORDC has been in discussions with ODOT District 2 regarding the highway infrastructure needs associated with the North Baltimore Intermodal Yard project. On August 28th, ORDC hosted a meeting with ODOT District 2, ODOD, the Governor's Office and CSX. The purpose of the meeting was two-fold: First CSX provided an update to the participating state agencies regarding both the specific North Baltimore Project as well as the National Gateway project. Second, it was an opportunity to discuss the applicability of previous commitments to the project with the current project scope, state funding available (and the limitations of those funding sources), as well as opportunities for other funding sources previously unavailable.

Economic Stimulus Package: ORDC staff continues to work with our state partners as we scope out the parameters and procedures for the Logistics portion of this new program. Since the last Commission meeting, ORDC staff has been actively involved in the state's outreach efforts.

Enterprise Bond Fund: ORDC staff is working with the Ohio Department of Development on a Memorandum of Understanding that will provide the parameters by which ORDC will be able to access Enterprise Bond Fund for larger rail projects.

Amtrak 3-C Service: On August 27th, Staff has submitted its routing recommendations as well as a template personal services contract to begin 3-C Amtrak Start-up Service. Staff also continues it outreach efforts meeting with City of Columbus, COTA, and MORPC staff and a scheduled meeting at the end of the month with the City of Cleveland. Staff attention in the near term will focus on working with our state partners on how to best address the projected funding needs in this next budget cycle.

Federal Grant Funding Efforts: On September 3, 2008, the Federal Railroad Administration issued the Notice of Funding Availability for $20.04 Million in appropriated funds for the Rail Line Relocation and Improvement program. ($5.25 million of the appropriation was directed to nine (9) non-competitive projects. ORDC staff is investigating the feasibility of the project for proposed projects.

Federal Legislation Regarding Rail: ORDC staff, with ODOT, has participated in AASHTO policy development for the upcoming Transportation Bill. AASHTO has developed working groups developing policies for areas including finance, freight and passenger rail.

Outreach: Chairwoman Molitoris, Don Damron and Matt Dietrich met with members of Ohio's Congressional Delegation and Amtrak in July. Lou Jannazo and Herk Wolfe represented the ORDC at the AASHTO Standing Committee on Rail Transportation (SCORT) in Milwaukee in August. ORDC staff is currently scheduled to meet with CSX in Jacksonville and NS in Norfolk in October. Finally, several members of staff are scheduled to present at two upcoming conferences; the Freight Conference in Toledo and the Ohio Transportation Engineering Conference in Columbus.

DERG: The Ohio Department of Development released its project selections for the Diesel Emission Reduction Grant Program. Of the ten projects selected in round 1, five are railroad projects sponsored by ORDC. Recipients include the Indiana and Ohio (2 awards), Cleveland Works Railway, Wheeling and Lake Erie, and R.J. Corman.

New Commissioner: Please join me in welcoming Bill Lozier as our new Commissioner. Commissioner Lozier is the appointee of the Speaker of the House of Representatives.

Amtrak Start-up Route Analysis
Cleveland-Columbus-Cincinnati (3C) Corridor
Recommended Routes for Amtrak Field Analysis

As the first-step in the Amtrak startup planning process, the Ohio Rail Development Commission agreed to conduct an initial analysis of the alternative routes in the Cleveland-Columbus-Cincinnati (3C) rail corridor. The analysis is complete and ORDC staff is in the process finalizing the data and drafting a report.

This paper provides a brief overview of the findings and recommends specific routes for Amtrak to review in the field and consider for advancing for more detailed capacity analysis.

Route Assessment Methodology:

The first step in the start-up analysis identified all of the potential routes within a 25-mile band between: 1) Cleveland and Columbus, and 2) Columbus and Cincinnati. Twenty-eight alternatives, along with 14 sub-alternatives were identified between Cleveland and Columbus, and three routes with two variations were identified between Columbus and Cincinnati. Routes were identified by connecting the various rail line segments to create one continuous line between the end-point cities.

Evaluation Criteria:

The key criteria used in the Amtrak Start-up Route Analysis include:

1) Estimated on-line population
    a. Within 10-miles of station stops; and
    b. Within 15-miles of station stops.
2) Total route mileage
    a. As a percent increase over the most direct route; and
    b. As a percent increase over how the crow flies.

Secondary criteria used to assess route segments include:

3) Line segment characteristics:
    a. Single track vs. double track line segments;
    b. Class 1 mainlines and secondary lines vs. Shortlines;
    c. Out-of-service and abandoned lines;
    d. Known track speeds;
    e. Relative freight traffic levels; and
    f. Potential impediments to passenger train operations, bottlenecks and chokepoints.
4) Economic development potential
    a. Station spacing; and
    b. Number of town centers served.
5) Long-term corridor development strategy

Recommendation of Routes for Field Analysis:

The Cleveland-Columbus-Cincinnati corridor has a population of approximately 7 million. This compares to the state's total population of approximately 11.5 million. While all of the 3C corridor alternatives have been subject to the criteria above, ORDC's recommended set of routes for review and analysis in the field by Amtrak is driven primarily by the dynamics of the 3C corridor population.

3C-South: The analysis of the southern portion of the 3C corridor, between Columbus and Cincinnati, suggests that the population of Dayton should be served, as opposed to using the slightly more direct CSX owned alternative route from Columbus through Washington C.H. to Cincinnati. The 3C-South alternative routes that Amtrak should focus on include the following:

- NS: Columbus to Dayton
- NS: Dayton to Cincinnati (Gest St. Yard/CP Oklahoma to Riverfront)
- CSX: Dayton to Hamilton
- CSX: Hamilton to Cincinnati
- NS: Hamilton to Cincinnati
- I&O Oasis Line: Sharonville to the Boat House restaurant on the Riverfront

The potential stations stops along these route segments include: Springfield, Fairborn, Dayton, Middletown, Sharonville, Hamilton, and downtown Cincinnati including: Union Station; Longworth Hall; the Crossett Site which is adjacent to the practice fields; the transit tunnel which is adjacent to Fort Washington Way; and, the Boat House restaurant which is at the end of the Oasis line, east of downtown Cincinnati on the riverfront.

3C-North: On the northern end of the corridor, between Cleveland and Columbus, the results of the analysis suggest there will be trade-offs between using the most direct route (NS: Cleveland Lake Front to Berea; CSX to Columbus) versus the less direct alternative route serving Akron (NS to Hudson; METRO to Cuyahoga Falls; CSX to Akron; CSX to Greenwich and Columbus).

The analysis of the population between Cleveland and Columbus confirmed that Akron (and Canton) would add significant population to the 3C corridor. As seen from the table below, based simply on total Metropolitan Statistical Area (MSA) population, the alternative routes that serve either Akron, or both Akron and Canton, would add between 700,000 to 1.1 million people to the total population on the line. The table below identifies the MSA population of Ohio's cities on 3C routes.

ORDC's more detailed analysis of the 10-mile and 15-mile radii around possible station stops confirms that the Cleveland-Columbus alternative routes that serve Akron would add approximately 20% to the total population on the line; and the alternatives that serve both Akron and Canton would add approximately 20% to 30% more population, depending on the selected route.

3C Corridor Population Statistics

Ohio Metropolitan Statistical Areas	Estimated 2007 Population
Cleveland-Lorain-Elyria MSA	2,096,471
Mansfield MSA	125,679
Columbus MSA	1,754337
Springfield MSA	140,477
Dayton MSA	835,537
Cincinnati-Middletown MSA	2,133,678
TOTAL 3C CORRIDOR POP	**7,086,179**
TOTAL OHIO POPULATION	**11,466,917**
3C Corridor Population as a percent of Ohio Pop	**61%**
Akron MSA	699,356
Canton-Massillon MSA	407,180
3C Plus Akron/Canton Pop as a percent of Ohio Pop	71%

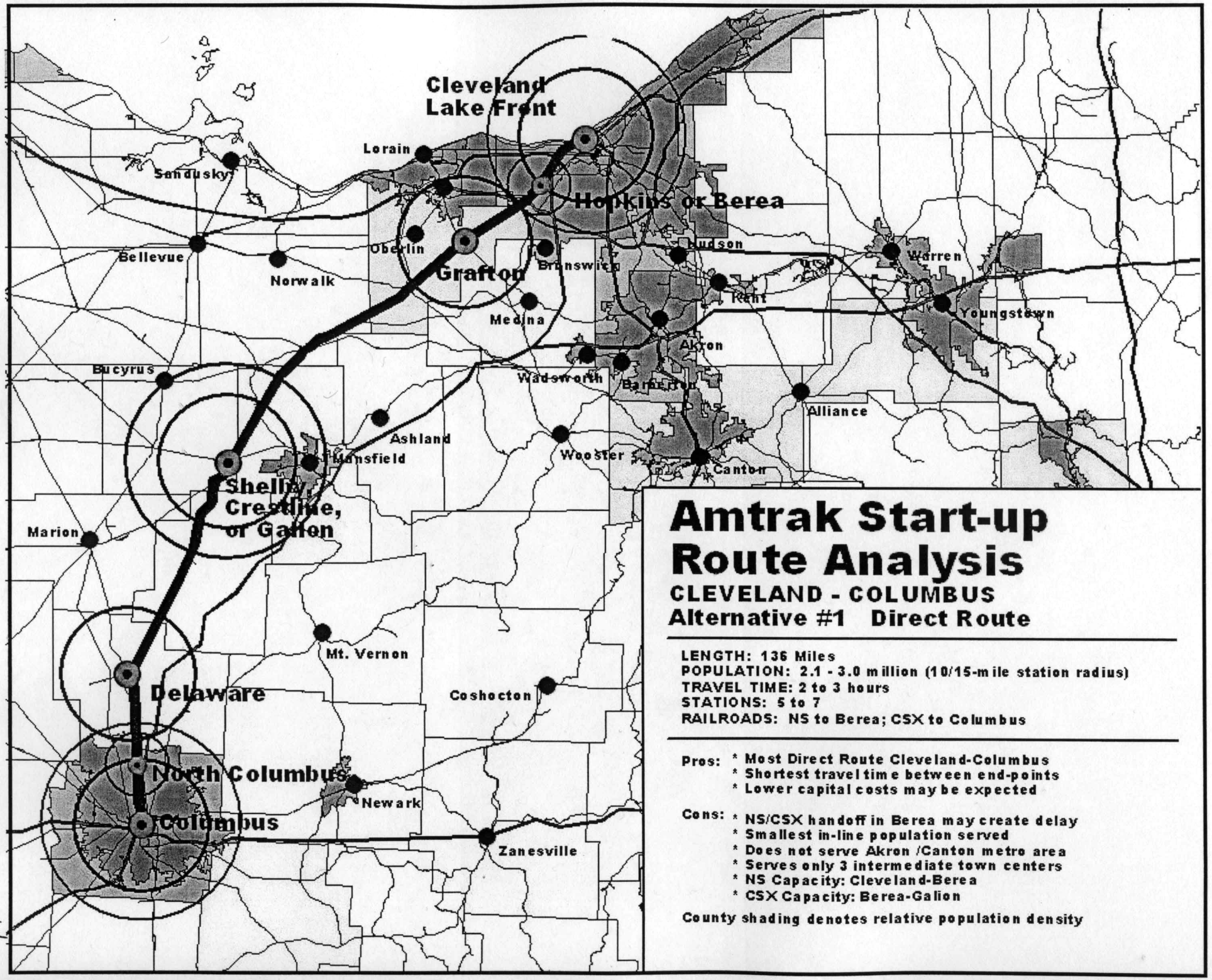
ORDC anticipates that the 3C alternative routes that serve Akron create additional engineering challenges and costs, but it is important to understand both the planning and engineering issues associated with including Akron in the development of the corridor. Therefore, in its field review, ORDC requests that Amtrak examine at least one Akron alternative.

ORDC's Amtrak Start-up Route Analysis has narrowed down the alternatives to just three in the northern corridor: Alternative #1 the direct route; Alternative #2 the direct route via Elyria; and Alternative #8, Akron-Barberton via CSX. The maps of these three alternatives are attached. The route segments that make up the alternatives that Amtrak should focus on in the field include the following:

- NS: Cleveland Lake Front to Berea
- CSX: Berea to Columbus
- NS: Berea to Elyria
- CSX: Elyria to Grafton; and, CSX: Grafton to Columbus
- NS: Cleveland Lake Front to Hudson
- Akron METRO owned: Hudson to Akron
- CSX: Akron to Greenwich; and, CSX: Greenwich to Columbus

The potential stations stops along the northern route segments include: the Cleveland Lake Front, Hopkins Airport, Berea, Elyria, Grafton, Shelby, Crestline, Galion, Delaware, North Columbus, Columbus, Bedford, Hudson, Macedonia, Akron, Barberton, and Lodi. While in the field, Amtrak should examine the challenges of establishing service into Terminal Tower.

The draft of the completed Amtrak Start-up Route Analysis, Maps and Tables are attached for reference.



Amtrak Start-up Route Analysis

CLEVELAND - COLUMBUS

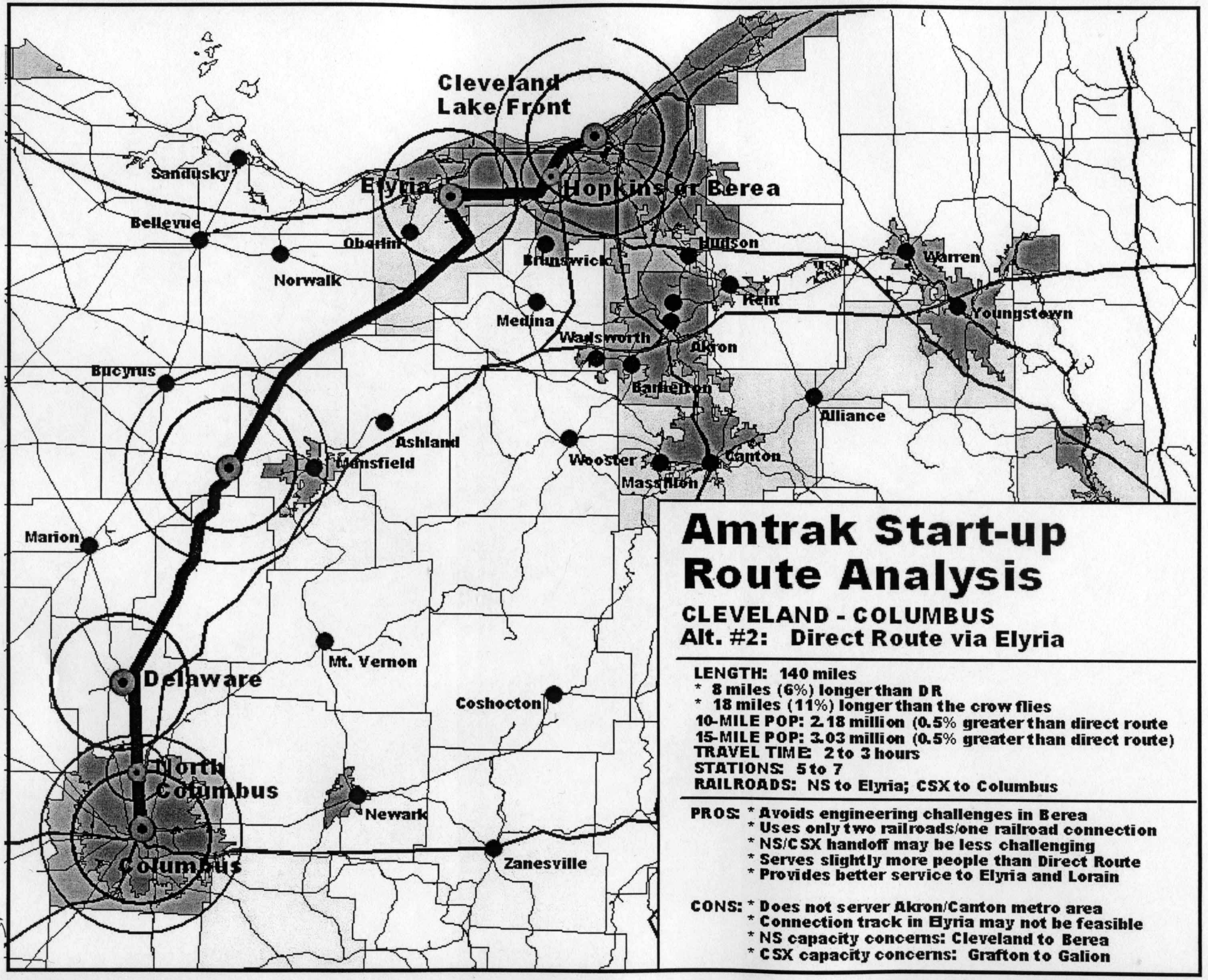
Alternative #1 Direct Route

LENGTH: 136 Miles
POPULATION: 2.1 - 3.0 million (10/15-mile station radius)
TRAVEL TIME: 2 to 3 hours
STATIONS: 5 to 7
RAILROADS: NS to Berea; CSX to Columbus

Pros:
* Most Direct Route Cleveland-Columbus
* Shortest travel time between end-points
* Lower capital costs may be expected

Cons:
* NS/CSX handoff in Berea may create delay
* Smallest in-line population served
* Does not serve Akron /Canton metro area
* Serves only 3 intermediate town centers
* NS Capacity: Cleveland-Berea
* CSX Capacity: Berea-Galion

County shading denotes relative population density



Amtrak Start-up Route Analysis

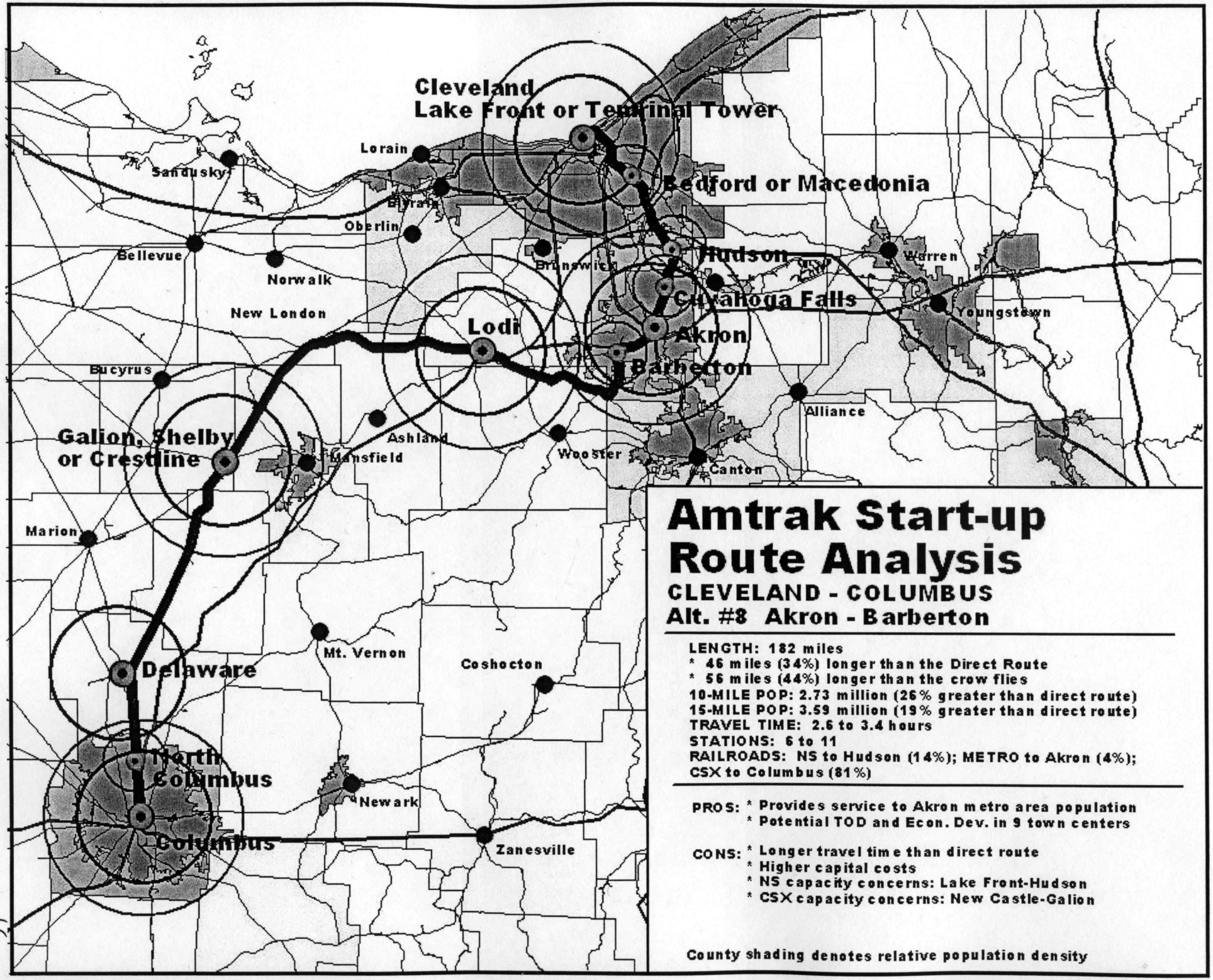
CLEVELAND - COLUMBUS
Alt. #2: Direct Route via Elyria

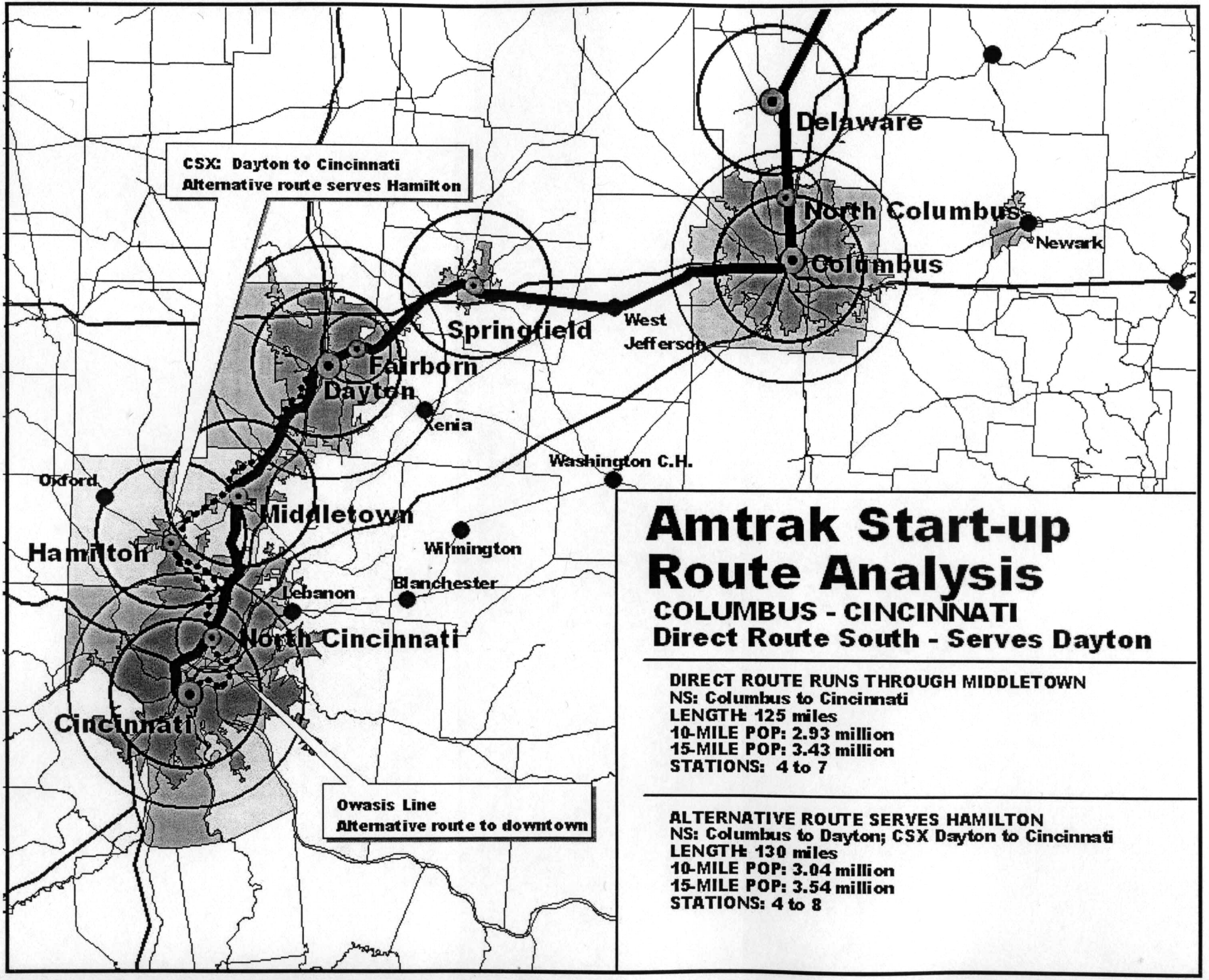
LENGTH: 140 miles
* 8 miles (6%) longer than DR
* 18 miles (11%) longer than the crow flies

10-MILE POP: 2.18 million (0.5% greater than direct route
15-MILE POP: 3.03 million (0.5% greater than direct route)
TRAVEL TIME: 2 to 3 hours
STATIONS: 5 to 7
RAILROADS: NS to Elyria; CSX to Columbus

PROS:
* Avoids engineering challenges in Berea
* Uses only two railroads/one railroad connection
* NS/CSX handoff may be less challenging
* Serves slightly more people than Direct Route
* Provides better service to Elyria and Lorain

CONS:
* Does not server Akron/Canton metro area
* Connection track in Elyria may not be feasible
* NS capacity concerns: Cleveland to Berea
* CSX capacity concerns: Grafton to Galion


Cleveland
Lake Front or Terminal Tower
Lorain
Sandusky
Bedford or Macedonia
Elyria
Oberlin
Hudson
Bellevue
Norwalk
Brunswick
Warren
Cuyahoga Falls
New London
Lodi
Akron
Youngstown
Barberton
Bucyrus
Alliance
Galion, Shelby
or Crestline
Ashland
Mansfield
Wooster
Canton
Marion
Mt. Vernon
Coshocton
Delaware
North
Columbus
Newark
Columbus
Zanesville
Amtrak Start-up
Route Analysis
CLEVELAND - COLUMBUS
Alt. #8 Akron - Barberton
LENGTH: 182 miles
* 46 miles (34%) longer than the Direct Route
* 56 miles (44%) longer than the crow flies
10-MILE POP: 2.73 million (26% greater than direct route)
15-MILE POP: 3.59 million (19% greater than direct route)
TRAVEL TIME: 2.6 to 3.4 hours
STATIONS: 6 to 11
RAILROADS: NS to Hudson (14%); METRO to Akron (4%);
CSX to Columbus (81%)
PROS: * Provides service to Akron metro area population
* Potential TOD and Econ. Dev. in 9 town centers
CONS: * Longer travel time than direct route
* Higher capital costs
* NS capacity concerns: Lake Front-Hudson
* CSX capacity concerns: New Castle-Galion
County shading denotes relative population density



Amtrak Start-up Route Analysis

COLUMBUS - CINCINNATI
Direct Route South - Serves Dayton

DIRECT ROUTE RUNS THROUGH MIDDLETOWN
NS: Columbus to Cincinnati
LENGTH: 125 miles
10-MILE POP: 2.93 million
15-MILE POP: 3.43 million
STATIONS: 4 to 7

ALTERNATIVE ROUTE SERVES HAMILTON
NS: Columbus to Dayton; CSX Dayton to Cincinnati
LENGTH: 130 miles
10-MILE POP: 3.04 million
15-MILE POP: 3.54 million
STATIONS: 4 to 8

L1

ACCOMPLISHMENTS REPORT
PLANNING AND PROJECT DEVELOPMENT
July 3, to September 4 2008

PLANNER	DEVELOPMENT SPECIALISTS
Don Damron	**Lou Jannazo**
	Bev Lee

FIELD & TRACK INSPECTION

- Field inspection of NS abandonment from Zoo to Downtown Toledo.
- Field inspection of Ametek 2 mile long lead track.

ADMINISTRATIVE

- Continued staffing new Commission sub-committee on the Panhandle lease
- Helped prepare agendas and briefing packets for September 11, 2008 meeting including 3 project briefings and 3 approved project briefings.
- Continued updating contract and contract amendment tracking system to keep better account of various EPA and Taxations clearances and the contracting process.
- Developed grant agreements for 2 projects approved at July meeting.
- Did grant agreement amendments to extend time for select projects and to reflect changes in scopes of work and termination dates.
- Did OEPA and Ohio Taxation background checks on various grant recipients.
- Don Damron has taken over as ORDC Webmaster and continues to update our site.

TRAINING

- No activity.

FREIGHT PROJECT DEVELOPMENT AND IMPLEMENTATION

New Project Development/Continued Project Development

- Developed commitment letter for Ametek rail yard in Wapakoneta.
- Investigated new & ongoing spur projects such as Ametek Plastics in Wapakoneta, Ohio Basic Minerals in Jackson, two confidential steel project in NE Ohio, Niles Iron & Metal in Niles, a stone terminal in eastern Ohio as well as other projects.
- Continued working on Warren Steel Holding project; helped finalize the details of the off site work to get the W&TRR back in service; drafted grant agreement with Trumbull County.
- Continued working with W&LE, Carroll County, rail line shippers, and others on getting funding for the Carrollton Branch repair lined up. Followed up with Lancaster Port Authority on Phase II loan for US Corrugated spur.
- Continued working with City of Jackson, Jackson County Economic Development, US Rail, ODOD and others on raising funds for Phase II of Jackson Line rehabilitation.

FY 2009 Track Rehabilitation Program:

- Analyzed 16 project proposals. (SEE ATTACHED SUMMARY SHEET).
- Coordinated with applicants to get more needed information about most of the applications.

PASSENGER PLANNING

Ohio Hub

- Continued working on efforts to obtain federal earmarks for the PEIS. Don Damron and Stu Nicholson continue to provide information to various Congressional offices.
- Developed detailed information on Chicago – Cleveland – Youngstown – Pittsburgh corridor for Ohio Delegation in search of federal funding for Ohio Hub PEIS in that corridor.
- Analyzed HR 6003 for Ohio Delegation.
- Continued work and coordination with other states and railroads on Ohio Hub Study.
- Continued with various meetings and presentations on Ohio Hub plan.

Amtrak 2C/3C Corridor Investigations

- Did more research into the potential requirements for public input and alternative analyses for start up Amtrak service, especially as it relates to possible future federal funding.
- Finished "in house" Alternatives Analysis work plan presented to the Commission at the May meeting. There are 27 possible route combinations/permutations between Columbus and Cleveland and 6 between Columbus and Cincinnati. Most have fatal flaws such as distance, track condition, complexity (too many different railroads), obstacles like going through major yards, etc.
- Provided Amtrak with ORDC Staff recommendations for corridors to study, i.e. Cleveland – Berea – Galion – Columbus; Cleveland – Elyria – Galion – Columbus; Cleveland – Akron - Galion - Columbus; Columbus – Dayton – Middletown – Cincinnati; and Columbus – Dayton – Hamilton – Cincinnati.
- Met with city, transit, and MPO officials in Columbus about the 3C project in general and how ORDC needs to coordinate with locals on station location issues as well as tying the 3C trains into the local transportation system.

Other Passenger Initiatives

- Presented information on Ohio to National APTA conference.
- Continued coordination with the MWRRI study effort by participating in meetings and calls.
- Continued investigating passenger station development issues.
- Continued supporting local efforts to develop passenger service, particularly in west Cleveland.
- Kept abreast of passenger issues in across Ohio and nationally through participation in the States for Passenger Rail.
- Actively participated in AASHTO Passenger Rail Legislative Policy Team efforts for increased federal funding in the new federal transportation bill.

OTHER PLANNING INITIATIVES

Panhandle Lease Sub-Committee: Participated in sub-committee meetings; participated in field inspection of Panhandle and W&LE lines between Columbus and Pittsburgh.

Ohio Central Sale of Assets to G&W: Helped with due diligence talking to shippers, railroads, public officials and others; participated in extensive staff discussions.

Governor's Logistics Program: Drafted proposed criteria for $100 million program for new logistics and distribution projects at request of Ohio Department of Development.

Abandonments

- Supported Cincinnati with calls and e-mails to NS about keeping small segment of track in Cincinnati and Norwood open for future transit rail links to the future Ohio Hub.
- Supported TMACOG on selling NS line from Zoo to Downtown to public body for future transit use to connect to Ohio Hub.
- Supported Alro Corp. efforts to keep NS service to its Toledo facility, the former Art Iron plant for which ORDC paid $75,000 to establish rail service 4 years ago.

Miscellaneous:

- Continued monitoring the Gateway project.
- Continued coordination with CSX on N. Baltimore project.
- Provided detailed comments and editing the next generation "Rail Freight Bottom Line Report" as part of ORDC participation in the AASHTO Standing Committee on Railroad Transportation.

MISCELLANEOUS

- ***SCORT:*** Gave presentation on Ohio intermodal issues (N. Baltimore & Marion) to SCORT meeting in Milwaukee; reported to staff key events of Milwaukee meeting.
- ***Liability Task Force:*** No activity.
- ***Glass Rock Branch:*** Met with Z&WRY officials to figure out next steps; drafted lease document for next steps, i.e limited brush clearing and track evaluations; moving equipment to E. Fultonham from current location next to SR 93.
- ***Diesel Retrofit:*** Investigated the program criteria; informed railroads of grant awards (W&LE, I&O, RJC, Cleveland Works RR); investigating why FHWA will only pay for locomotive parts that produce/reduce emissions and not entire new locomotive; working with RRs to identify which parts of locomotive integral to emissions.

SAFETY

- Working with ODOT District 7, FHWA, ORDC Safety Section, and Ametek to close US 33 grade crossing now used by Ametek for tail room for switching in Wapakoneta.

WPDOCS/AccomplishmentsCommission

W:REHABSUMMARY,PUBLIC

PROJECT EVALUATION SUMMARY: PUBLIC

2-Sep-08

Project Name	Benefits, Anecdotal	Benefits, Quantifiable	Physical Need	Economic Need	Ave. Net Rev/Mile	Ave. Net Invest/Mi.	Total Cost	Requested ORDC Share	Staff Recommendations & Contingencies	Staff Recomm. Funding (Grant)	ORDC Meeting
ASRY Bridge Repair Shelby Area	31% of ASRY Traffic Uses Bridge to Access CSX, Safety	ASRY Rail Dependent Users Have Continued Service	High	Low	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$378,820	As much Possible	31% of Revenue Uses Bridge, ASRY has very good traffic; consider ODOD Loan	$0	
ASRY Bridge Deck Ashland Area	Safety of operations; viability of branch; extraordinary maint.	6 Customers, 1173 cars/yr ave. Rely on Bridge	Medium	Medium	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$99,075	As much Possible	Only 1,173 cars/yr use bridge; Extraordinary Maintenance; 50% Grant on Bridge Deck	$50,000	Sept.
ASRY Prison Yard Construct 2 New Tracks, 4,200 ft.	Efficiency, Capacity & Service Improved	20 Rail Users Benefit, ASRY Cost Effectiveness Improved	High	Low	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$718,429	As much Possible	Consider Loan from ODOD Enterprise Bond or 166	$0	
Camp Chase Phase III, MP 144.7 to 155.4	Continuation of 2008 project; safety ties to keep FRA I track	Preserves benefits of Phase II Crew savings, $48,000; derail savings, $150,000	Medium	Medium	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$300,000	$150,000	Continuation of Phase II Project which was just completed; smaller grant due to tight budget.	$100,000	Sept.
C&OR Tyndal Bridge Deck Replacement	105,487 cars loaded & empty over bridge	About 3,000 jobs impacted	High	Low	Rev/mile more than maint./mi.	Maint/mi less than rev./mile	$651,699	$549,334	Consider for possible loan if loan funding available.	$0	
RJ Corman SPEG & St. Mary's Bridges, St. Mary's ties	Safety; removes slow orders	Impacts 25 customers, 3000 jobs; crew cost savings.	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$326,140	$163,070	Marginal line needs to have 25 MPH speeds to keep costs down & viability intact	$163,070	Sept.
I&O Oasis Branch Rehab, MP 7.8 to MP 16.5	Safety for HazMat, Many thousands of overhead cars	7 users, 217 jobs; eliminates slow orders; saves $28,000/yr for crew & $26,000 maint.	Unclear	Medium		???? to be provided	$466,778	$233,389	Lots of overhead traffic; very little trackage rights payments Fund either Blue Ash or Oasis because of tight budget	$0	
I&O Blue Ash Rehab, 49.6 to 40.3	Safety for Hazmat Reduce derailments Keep Track at Class I	Reduce Derailments, $20,000 saves $18,000 for crew & $15,000 for maintenance	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$453,437	$226,719	Traffic down due to economy; Fund either Blue Ash or Oasis because of tight budget	$226,719	Nov.
MAW Defiance Yrd. Phase II, Spot Rehab Projects	Helps marginal short line; safety improved; helps expand carloadings	Saves RR $54,000/yr in crew costs, derailment costs, and per diem & reduced truck use; 50 to 230 new cars/yr in Yard	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$300,000	$225,000	Defiance drainage work contingent upon local funding; future funding contingent upon MAW seeking RRIF loan; 75% funding due to high need	$225,000	Sept.
Ohi-Rail, Phase II Bridge Repairs	Helps repair FRA defects	Keeps line open; OHIC share would be 22% of entire project	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$25,000	$25,000	Need to determine the future Piney Fork before funding new projects	$25,000	Sept.
US Rail Police $$	Help Safety with OL Function; Reduce Theft & Vandalism	$100,000 in Theft in 2008 Might Have been Prevented	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$63,000	$30,000	No ORDC Funding for Operating Costs	$0	
US Rail Tunnel	All Jackson Traffic Passes Through Tunnel	Up to 500 Jobs Depend on US Rail; 30 New Jobs at Ohio Basic Minerals; Coal Moves Planned	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$200,600	$200,000	Any ORDC Funding Contingent Upon City of Jackson Approval ORDC funding level depends on funding availability	$200,000	Nov.
WESTCO Springfield Wash. CH Line, 10 miles (I&O RR Line)	Remove slow orders; maintain FRA II for ODOD Job Ready $$	2,500 acre Job Ready Site Needs FRA Class II Rail	Medium	Medium	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$650,000	$250,000 Grant + 350K lon	ORDC should consider $400k for ORDC loan and less grant due to tight grant budget	$200,000	Sept.
W&LE Akron Sub Surface & Signal Improvements	Better surfaces: overactivation fixed, CWT added	4,700 jobs impacted	High	Medium	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$673,275	$336,637	Need Information about xing incidents and overactivations; fund only if it is W&LE priority ORDC $$ depends on availability	$150,000	Nov.

12

W&LE Canton to Mogadore Line, MP 39 to 60.2	Improved operations & safety	2.270 jobs impacted	Unclear	TBD	TBD	TBD	$1,017,600	$508,800	Need info on net revenue & maintenance costs, track condition, public benefit	$0	
Y&SE Brush & Ballast	Better visability for train crews, and for motorists at xings	Helps stabilize track 28 jobs at rail dependent shipper	High	High	Rev/mile less than maint/mi	Maint/mi more than rev/mile	$100,800	$50,400	Extraordinary maintenance issue that ORDC funding expedites	$50,400	Sept.
										$1,390,189	

OHIO RAIL DEVELOPMENT COMMISSION
INTER-OFFICE COMMUNICATION

TO: **Matthew Dietrich, Executive Director**

FROM: **Susan J. Kirkland, Manager, Grade Crossing Safety Section**

SUBJECT: **Safety Section Progress Report**

DATE: **September 4, 2008**

The following major objectives were met by the Safety Section during the last two (2) months:

The Safety Section, specifically Susan Arduini and Cathy Stout, completed the *2008 Highway Safety Improvement Program Report* due to the Federal Highway Administration (FHWA) on August 31, 2008. A copy of the report will be provided to all Commissioners at the September 11, 2008 meeting.

Over the course of the past 18 months, the Ohio Department of Transportation (ODOT), Office of Audits has conducted a through review of more than 50 railroad projects pertaining to grade crossing construction and upgrades, grade separations, flagging, and resurfacing projects. A good deal of the projects reviewed are ORDC projects. In the course of the review, ODOT identified billing inconsistencies, non-compliance with Federal statutes, and other areas of concern. Historically, ODOT has issued Contract Audit Circulars for architectural/engineering consulting firms and Metropolitan Planning Organizations in an effort to create consistency and clarify policy. ODOT has developed such circulars for our safety projects and ORDC has had the opportunity to review and have input on the circulars. The circulars have been distributed to all railroads for comment. Comments are to be sent to ODOT no later than the end of business on Friday, September 26, 2008.

The ORDC continues to receive constituent complaints generated through The Angels on Track Foundation website and the filing of *Dangerous Crossing Reports*. The public awareness campaign initiated by the safety advocacy organization has resulted in the generation of approximately 359 reports of dangerous conditions as of this date. Susan Arduini continues to monitor the complaints through a spreadsheet. Susan, along with Cathy Stout and Tom Burns are developing a process that will standardize how the ORDC will address the reports.

The ORDC Safety Section continues to work with the City of Vermilion on a rail safety corridor on the Norfolk Southern (NS) Chicago Line through the community. Demo Project OH378 was created by Congresswoman Marcy Kaptur for $1 million. The ORDC and Mayor Jean Anderson have developed a comprehensive plan to roll out the project in a segmented fashion that will allow the potentially vulnerable Set-Aside funds to be encumbered in the near future. In addition, the City of Vermilion stands by its commitment to close a fairly heavily used crossing in the downtown area.

Negotiation has begun with CSX concerning ORDC's outstanding $5 million dollar commitment of FHWA Safety funds toward the North Baltimore Intermodal Project. Originally it was thought that the Federal funds would be used toward a grade separation in the area of the facility. Timing constraints have negated that possibility of ORDC Safety funds being used for this portion of the project. Staff is working closely with CSX to determine alternative safety improvements. We are basing our initial discussions with CSX on past practices and projects accepted by FHWA. Upon development of a detailed plan for the funds, ORDC will approach FHWA for acceptance of the plan.

The Safety Section continues to progress the NS corridor on the CJ line from Columbus to Cincinnati. The Springfield phase of the project is nearly completed. The City has let a contract for the final elements of the project: the installation of way-side horns and the vehicle detection systems for the four quadrant gate installations. Upon completion of the project, the City will be poised to file with the FRA for a quiet zone on the NS corridor. The second phase of the project will be Montgomery County, City of Miamisburg. This segment includes 7 warning device installations and the potential closure of two vehicular and one pedestrian crossing. The Safety Section is awaiting direction from NS on the closure proposals to the community.

Safety Section Intern, Tom Burns has nearly completed the task of preparing a detailed spreadsheet of all crossings on the 3-C Corridor that will likely be selected for future Amtrak service. The documentation will provide a forum for the Safety Section to begin discussions with CSX and NS concerning potential crossing improvements to establish passenger service on the corridors. The goal is to have the spreadsheet ready for CSX to review prior to our early October visit to Jacksonville.

The ORDC and ODOT - Office of Traffic have identified that corrective action is necessary where a highway rail grade crossing with active traffic control devices (flashing lights and roadway gates) is located within close proximity to a highway/highway intersection controlled by traffic control signals. At the present time we believe there to be approximately 100 traffic signals preempted by grade crossing warning devices on Ohio roadways including non-system routes. We believe it is critical that all preempted locations be identified and reviewed. In addition we further believe that a number of locations exist where preemption should be utilized but is not in place as of today. Research has shown that a simplistic review will not reveal critical conditions that could result in a tragic situation. The review will require experts with combined knowledge in the areas of both highway traffic signals and railroad warning devices. The ORDC and ODOT have successfully let a contract to hire an expert with such knowledge to help us through this process and conduct a comprehensive review and development of a statewide standard and action plan of all such railroad crossings. CTC is the selected vendor and ODOT has negotiated and executed an agreement for the project. Actual project development will begin in the near future.

Two warning device projects currently in the engineering phase have been identified as locations that need corrective action to the preempted highway traffic signals. Significant negotiation and coordination with all partners has been and will need to be done to resolve the issues. The crossings are outlined below.

FRA – City of Columbus/Franklin County Georgesville Rd.
Camp Chase Industrial Railroad, AAR #518924P, PID 84100
This project was identified jointly by the ORDC, the Franklin County Engineer's Office and the Camp Chase Industrial Railroad. The project is being funded with 70% federal funds, 20% County funds and 10% railroad funds. The complexities that have come to light are overwhelming to all parties concerned from both a monetary and engineering standpoint.

MED, City of Medina, S. Elmwood Street, W&LE, # 002087A, PID 83370
In August 2007, the PUCO identified a grade crossing for improvement by way of the Federal Railroad Administration Priority Index. A diagnostic review was performed on August 27, 2007 and the team recommended an upgrade from crossbucks to flashing lights and roadway gates. At the point of the diagnostic review the Wheeling and Lake Erie Railway explained the fact that the warning device project would be quite complex. After the diagnostic review the ORDC determined that three (3) highway traffic signals will require advanced preemption in addition to the new warning devices at S. Elmwood Street. All elements are compounded by the complications listed below:

Overlapping circuitry from six other highway crossings in relative close proximity
DC circuits are utilized in existing warning devices at adjacent crossings to compensate for low ballast resistance levels
WRAP Overlay circuitry used on all six other crossings due to low ballast resistance levels
Track circuits are segmented within the approaches of Elmwood due to ballast resistance levels
Low ballast resistance levels caused by the highway crossing surface conditions
Low ballast resistance levels caused by fouled and saturated ballast

The PUCO has selected 9 crossings, via the prioritization process, to be evaluated by Diagnostic Review for upgrade in FY 2009. Diagnostic Reviews will be performed the week of September 22, 2008. The locations are outlined below.

Cuyahoga County, McCracken Road, AAR #524232N NS and Cleveland Commercial, Rank 6

Marion County, Ulsh Rd, TR 250 (Claridon Twp.), CSX AAR #262061N, Rank 12

Allen County, Village of Cairo, Main St, CSX, AAR #155699U, Rank 42

Warren County, City of Mason, W Main St, IORY AAR #525235M,Rank 43

Hamilton County, City of Sharonville, Mosteller Road, NS AAR #925375U, Rank 60

Union County, Hoover-Bault Rd, CR 219, CSX AAR #513806V, Rank 70

Medina County, White Rd, TR 92 (Westfield Twp.), W&LE AAR #473551N, Rank 76

Putnam County, TR P9 (Pleasant Twp.), CSX AAR #155713M, Rank 79

Champaign County, Thackery Rd, CR79, IORY, AAR #258740V, Rank 81

MEMORANDUM
September 4, 2008

TO: ORDC Commissioners
FROM: Megan McClory
SUBJECT: Finance Report

Accomplishments and Highlights of the Finance Section from July 3 to September 4, 2008:

1. **Financial Statements.** Staff has prepared statements to reflect current outstanding loans, revenue collection, and project balances. The Ann Arbor Railroad paid off the remainder of its 2003 loan of $768,736. The final payment was due to be made on December 1, 2008, but Ann Arbor chose to pay off the balance on August 1.

2. **ORDC Staffing Updates.**
   - We were finally able to complete a promotion for Gloria Howard to Fiscal Specialist 2. This much-deserved upgrade recognizes Gloria for work she is already doing and gives us an opportunity to enhance our analysis and reporting of project data. Congratulations, Gloria!
   - We are in the process of hiring a second college intern, this one a planning student who can assist with passenger rail-related activities.

3. **Fiscal years 2010-2011 budget process.** The ORDC's budget request for the fiscal 2010-2011 biennium is due Monday, September 15. Gloria Howard and Evelyn Winkfield assisted with preparation of budget estimates, and Chairwoman Molitoris and Budget/Finance Committee Chairman McOwen are reviewing the budget documents. ORDC's budget request for general revenue funds (operating costs and grant program dollars) is limited to 95% of the current year's adjusted amount. We are committing to minimize operating costs to focus on the grant program, but are also highlighting the increase in the Commission's workload over the last couple of years.

4. **Ohio Enterprise Bond Fund.** Following the passage of legislation that enables us to pledge our loan repayment stream to support financial assistance issued by the Department of Development (ODOD) for rail projects, Matt and I met with ODOD to discuss the program. Our agencies will develop a Memorandum of Agreement that spells out each party's role. ODOD will also provide us with further information about the program so that we can consider it for projects under development.

5. **Commission Retreat Planning.** Staff met with Chairwoman Molitoris to outline the agenda for the upcoming planning retreat on October 2. We are in the process of contracting with Marie Keister of Engage Public Affairs to facilitate the day's discussions. The retreat will be held at the Battelle Darby Creek Metro Park on the west side of Columbus. Further information regarding the starting time, location, and lunch arrangements will be sent shortly. Staff is also planning on a retreat in the spring of 2009 so that we can have a twice-yearly schedule.

6. **Glass Rock Branch.** We had a request from the Newark, Heath, Buckeye Lake Scenic Railway, now operating as the Zanesville & Western Scenic Railroad, to lease the ORDC-owned Glass Rock branch in Perry and Muskingum Counties. The Z&W's goal is to operate excursions along the line, although due to the length of time for which it has been out of service, significant restoration work will be needed. ORDC staff Mike Forte', Tom Burns, and myself conducted an inspection of the grade crossings and as much of the track as we could access (minimal due to thick overgrowth). The ORDC and Z&W signed a one-year lease on September 4, 2008. The Z&W will start by clearing brush so that a formal inspection of the track and bridges can be completed, then they intend to make repairs to get the track into operating condition.

7. **IT Upgrades.** The ODOT Division of Information Technology recently performed equipment upgrades to the benefit of the ORDC. Two outdated computers were replaced with much faster machines and a barely functioning laptop in the Safety Section was replaced with a desktop computer.

Project Briefing
Assignment of the 2007- 2012 Panhandle Rail Line Operating Agreement
to Genesee & Wyoming Inc.
September 11, 2008

On August 5, 2008, the Ohio Rail Development Commission (ORDC) received a request from the Columbus & Ohio River Rail Road Company (C&OR), the current operator of the state-controlled Panhandle Rail line, that the ORDC consider the transfer of the Operating Agreement to Genesee & Wyoming Inc. (GWI) which is proposing to acquire the capital stock of Summit View, Inc., the parent company of the C&OR. This letter further requested that ORDC consider this transfer at its scheduled September 11, 2008 meeting. The acquisition can not occur without the assignment of the lease.

Normally, the ORDC would not have such an active role in such an acquisition, but because the C&OR is operator of the State-owned Panhandle Rail line, the Operating Agreement requires positive action on the state's part to assign the lease. This action would only apply to the current Panhandle Line Operating Agreement (2007-2012). Below is the relevant section from the Operation Agreement.

ARTICLE 12 - ASSIGNMENT AND SUBLETTING

This Agreement and all the terms and conditions hereof shall inure in favor of, and be binding upon, the parties hereto and upon their respective successors and permitted assigns.

Further, the C&OR shall not assign or transfer this Agreement in whole or in part, or sublet the Rail Property, or any part thereof, without the prior written consent of the Director of ORDC which shall not be unreasonably withheld. An assignment, or transfer, or merger, or consolidation by operation of law or proceeding in equity, bankruptcy, insolvency or reorganization, or a transfer of any controlling interest of the stock of the C&OR to a person or persons not now in control, shall be deemed to be an assignment within the meaning of this provision.

For the purpose of timely filing of a Notice of Exemption pursuant to 49CFR Part 1150 and 49 U.S.C. 10901, the C&OR shall be allowed to assign a parent, subsidiary, or corporate affiliate of the C&OR and/or to a voting trustee under 49CFR Part 1013, a controlling interest of stock in the C&OR without prior ORDC approval.

To be responsive to the GWI/C&OR's request, ORDC has done the following:

- Staff has been contacting railroads, shippers on the Panhandle and other state DOT/rail authorities working with the GWI for background. (Correspondence received is attached)
- The Panhandle Long Term Lease Committee held a special public meeting on August 25th regarding the assignment of the lease. (A copy of the draft minutes of the meeting is attached)
- Staff has been conducting ongoing dialogue through correspondence and conference calls regarding the assignment as well as to gain a better understanding of the role of the state-owned asset in both the proposed sale as well as GWI's future plans for the line. (Correspondence between the GWI and ORDC is attached)

In the course of this research there has been nothing discovered which would lead staff to believe that there will be negative future consequences with the GWI as operator of the Panhandle Rail Line.

The Columbus & Ohio River Rail Road
Mahoning Valley Railway Company
Ohio Central Railroad, Incorporated
Warren & Trumbull Railroad Company
Aliquippa & Ohio River Railroad Company

Youngstown Belt Railroad Company
Ohio and Pennsylvania Railroad Company
Ohio Southern Railroad, Incorporated
Youngstown & Austintown Railroad Company
Pittsburgh & Ohio Central Railroad Company

William A. Strawn II, President

47849 Paper Mill Road
Coshocton, OH 43812
Phone (740)-622-8092 * Fax (740)-623-4529

August 5, 2008

Mr. Matthew Dietrich
Executive Director
Ohio Rail Development Commission
50 West Broad Street, Suite 1510
Columbus, Ohio 43215

RECEIVED
ORDC
2008 AUG 11 PM 2:03

Dear Mr. Dietrich,

Pursuant to Article 12 of the Operating Agreement, dated May 17, 2007 (the "Agreement") among the State of Ohio, Ohio Rail Development Commission, and The Columbus & Ohio River Rail Road Company, I respectfully request that you place on the September 11, 2008 agenda of the Ohio Rail Development Commission the matter of consideration of consent to the transfer of the Agreement in connection with the proposed transaction whereby Genesee & Wyoming Inc. will acquire the capital stock of Summit View, Inc., the parent company of The Columbus & Ohio River Rail Road Company. For your reference, the press release announcing the proposed transaction is attached.

Sincerely,

William A. Strawn II

William A. Strawn II
President

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION
HARRISBURG, PENNSYLVANIA 17120

OFFICE OF
SECRETARY OF TRANSPORTATION

RECEIVED
ORDC

2008 AUG 21 PM 1:13

August 18, 2008

Mr. Matthew Dietrich and Commissioners
Ohio Rail Development Commission
50 West Broad Street, Suite 1510
Columbus, OH 43215

Dear Mr. Dietrich and Commissioners:

The Pennsylvania Department of Transportation (PennDOT) has worked with the Genesee & Wyoming Inc. (GWI) and its subsidiaries operating in Pennsylvania since 1988 with the creation of the Buffalo & Pittsburgh Railroad.

GWI railroads have managed several public – private partnership projects with PennDOT to improve their rail freight transportation infrastructure in Pennsylvania and they are in good standing with our Department.

Sincerely,

Eric G. Madden
Deputy Secretary for Aviation

COSHOCTON PORT AUTHORITY

T.J. Justice
Executive Director

August 7, 2008

RECEIVED
ORDC
2008 AUG 11 PM 2:02

Mr. John C. Hellmann
President & Chief Executive Officer
Genesee & Wyoming, Inc.
66 Field Point Road
Greenwich, CT 06830

Dear Mr. Hellmann:

On behalf of the Coshocton area community, I welcome you and Genesee & Wyoming, Inc. to Coshocton County as the new owners of what has been known as the Ohio Central Railroad since 1988. This region has been very fortunate to be the beneficiary of a partnership between the Ohio Rail Development Commission and Ohio Central Railroad. It is a vital part of the infrastructure that supports existing companies in this part of Ohio and is a critical tool in trying to attract new jobs.

The Coshocton Port Authority is proud to have been a partner in the recent opening of Altra Biofuels' Coshocton Ethanol manufacturing plant, a customer of Ohio Central Railroad's, where $115 million was invested and 46 new jobs created. The availability of rail was critical in the decision making process of where to locate this facility. It is one of many success stories that I hope Genesee & Wyoming will be able to build upon.

Port authorities can assist with unique financing, land acquisition as well as other needs and are vital partners for economic development growth in Ohio.

I look forward to working with your team and hope that a strong relationship is developed and nurtured. Please consider sending a communication to any management members who will be associated with the Coshocton operations to extend a courtesy visit or phone call to establish a business relationship. I've attached a business card for your quick reference and hope to have the opportunity to meet you when you visit Coshocton.

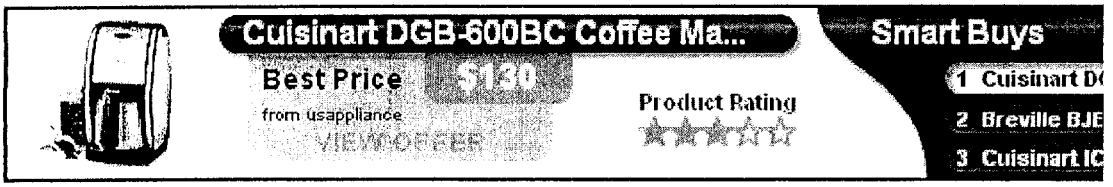
Respectfully,

T.J. Justice
Executive Director

TJJ/cs

C: Steve Mercer, Mayor of Coshocton
Coshocton County Commissioners
Matthew Dietrich, Executive Director, Ohio Rail Development Commission

106 South Fourth Street – Coshocton, OH 43812 • www.coshoctonportauthority.com
740-622-7005 fax: 740-622-8045



RPlatt's page

Recommend (18)

Male, Age: 41, Licking County, Ohio

About Me: My name is Rick Platt. I consider this blog a place to spark a greater public interest in economic de It's where I'll share my work and personal community perspective as the CEO of the Heath-Newark-Licking Cc Authority. I live in Newark with my wife and four children.

On the weekends I love to: go places my kids take me--The Works, Dawe's Arboretum, Bike/Walking Path, E Gorge, Rotary Park, Geller Park, and Heath Water Park.

The RePORT AUTHORITY

A regular sharing of the work and community perspective of Rick Platt, CEO of the Heath-Ne meant to spark a greater public interest in economic development.

Railroad Sold, Reason to Be Cautiously Optimistic

Posted 8/8/2008 9:45 AM EDT

The railroad lines that pass through Licking County are an important part of our history, present, and future.

These lines carried civil war resources and soon-to-be-inaugurated President Lincoln through here. It's the lifeline of so much of our industry--past and present. It's a niche for our county that will ensure, as long as we have developable industrial property alongside them, a manufacturing future for Licking County into generations not yet born.

A major change was announced this week. The current operator of the lines, Ohio Central Railroad, announced its intent to sell out to Genesee & Wyoming, a CT-based short line railroad holding company.

As a person who is concerned about the viability of our county's economic development, I'm on the record as being "cautiously optimistic" about this transaction and its impact on Licking County.

The cautious part is because anytime you have a major change like this, it's important to be on the look out for threats and opportunities.

I'm less fearful of some unforeseen downside because of state ownership. As many may know, the Ohio Rail Development Commission, a state agency, owns the Panhandle Line which comprises 50% of the line from western Licking County to Newark, all of the branch line from

R P E C Ir W R A Ji A M d w a o p b C C C ra B

36

Heath to Hebron, and the line that runs parallel and to the north of State Route 16 east of Newark.

The state will have a say in "blessing" the transfer of the current lease to the new company and remains owner of the Panhandle line to ensure stability of the line for the rail shippers and the community. Committee meetings August 25 and a full board meeting September 11 are key consideration dates.

The optimistic part is because I hear G&W, from my networking with people smarter than me in the rail business, is a class act. They are pledged to keep the very good personnel of the current rail operator intact.

Plus, their track record (no pun intended) shows they bought this line to grow the rail business on it. That's a good thing.

Whomever is the owner, though, we should never want to succumb to a monopoly situation which is what is very possible with the continued pursuit of a 25-year lease of the line. The state has been working for years and years to respond to the current operator's request to have a sale or, its equivalent, a long-term lease of the line.

We (shippers, developers, and community leaders) must remain engaged to ensure that the outcome of these lease discussions, if they lead to a longer-term lease, are on terms that, as much as possible, are favorable to the rail shippers and the communities along the line.

Everyone benefits from a viable and active rail line.

Comments (0) | Permanent Link

Tags: railroad, OCRR, CORR, ORDC

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37

CEMEX INC.
Columbus Terminal
220 Walnut St.
Blacklick Ohio 43004

Matthew Dietrich, Executive Director
ORDC
50 West Broad St., Suite 1510
Columbus, Ohio
43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Inc. at your September 11th meeting.

CEMEX INC. appreciates its long standing relationship with the Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming Inc. to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

Gary Nance
Columbus Terminal Operations Manager

Mr. Dietrich,
My name is Wade Cashdollar, I am the planner/materials control Supervisor at International Paper in Newark, Ohio. I am writing you to talk with you about The Ohio Central Railroad in Coshocton, Ohio. They are our sole supplier on our paperboard by rail. This represents about 70% of our incoming paper. In the last year alone, their service has been excellent. They are willing to switch us up to 3 times a day if needed and been very cooperative about even switching us on the weekends.

A little bit about us:
We ship over 110 million sq. ft. of corrugated paper monthly, have about 80 full time employees. Their service is vital to our prosperity and they have stepped up to the plate to get things done for us. The materials they bring in for us (pulpboard) are our life blood.

We would like to give our complete support for them in their effort to maintain the local railroad. We would not be able to function without their support. If you need any info on their service with our plant, I would be more than happy to discuss with you any questions you might have about our facility and how we operate and our relationship with The Ohio Central Railroad. Thank you for your time.

Sincerely,
Wade Cashdollar
Planner/Materials Control
International Paper
1851 Tamarack Rd.
Newark, Ohio
(740)522-3123 ext. 210
email:wade.cashdollar@ipaper.com

Matthew Dietrich, Executive Director
ORDC
50 West Broad St., Suite 1510
Columbus, Ohio
43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Incorporated at your September 11th meeting.

Hopedale Mining LLC, appreciates its long standing relationship with the Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

Bruce E. Hann
General Manager
Hopedale Mining LLC

BOLTARON™
PERFORMANCE PRODUCTS, LLC
MATERIALS OF IMAGINATION
One General Street * Newcomerstown, Ohio 43832 * Tel: 740-498-5900 * Fax: 740-498-8140

Matthew Dietrich, Executive Director
ORDC
50 West Broad St., Suite 1510
Columbus, Ohio
43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Inc. at your September 11th meeting.

Boltaron Performance Products, LLC appreciates its long standing relationship with the Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming Inc. to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

Tim Ohler

Tim Ohler

Director of Purchasing, Safety & Environmental Compliance
Boltaron Performance Products, LLC

AMERICAN
WAREHOUSING & LOGISTICS, INC.

Public Warehousing & Logistics Services

August 21, 2008

Matthew Dietrich, Executive Director
ORDC
50 West Broad St., Suite 1510
Columbus, Ohio 43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Incorporated at your September 11th meeting.

American Warehousing and Logistics, Inc. appreciates its long standing relationship with the Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

Larry Kidd
President and CEO

P.O. Box 1013 · Jackson, Ohio 45640 · (740) 395-0110 phone · (740) 206-0054 fax

WAREHOUSE SERVICES
DIV. RALSTON INDUSTRIES, INC.
600 NORTH CASSADY AVENUE
COLUMBUS, OHIO 43219
PH# 614-252-5233

RECEIVED
ORDC
2008 AUG 28 PM 2:32

August 21, 2008

Matthew Dietrich, Executive Director
Ohio Rail Development Commission
50 West Broad Street
Suite 1510
Columbus, Ohio 43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current operating agreement that exists between the State of Ohio and The Columbus & Ohio River Railroad to Genesee & Wyoming, Incorporated at your September 11th meeting.

Warehouse Services and the Ralston Warehouse Complex appreciates its longstanding relationship Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming to continue that relationship as they become the new owners. We have already received inquiries for warehousing and transloading services from upper New York state shippers and anticipate increased business from the combining of these two rail services.

My thanks to you and your staff and the ORDC for your positive attention to this request.

Sincerely,
WAREHOUSE SERVICES

Don Pullins, General Manager

C&D Disposal Technologies, LLC
P.O. Box 2219
3250 Cty. Rd. 26
Wintersville, OH 43953
(740) 264-4725
FAX (740) 264-6897
August 25, 2008

RECEIVED
ORDC
2008 AUG 28 PM 2:33

Matthew Dietrich, Executive Director
ORDC
50 West Broad St. Suite 1510
Columbus, Ohio 43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Inc. at your September 11th meeting.

C&D Disposal Technologies appreciates its long standing relationship with the Columbus & Ohio River Railroad, and look forward to working closely with Genesee & Wyoming Inc. to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

Joseph Sucgoza
C&D Disposal

ROSEBUD MINING COMPANY
Ohio Office
101 E. Market Street Cadiz, OH 43907
Phone: (740) 942-1500 FAX: (740) 942-1503
Web Site: www.rosebudmining.com

Matthew Dietrich, Executive Director
Ohio Rail Development Commission
50 West Broad St., Suite 1510
Columbus, Ohio 43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Inc. at your September 11th meeting.

Rosebud Mining Company appreciates its long standing relationship with the Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming Inc. to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

D. Michael Jamison

D. Michael Jamison
General Manager of Ohio Operations

Cc: J. Clifford Forrest, President
James Barker, Senior Vice President

Mulch Manufacturing, Inc.

6747 Taylor Road S.W.
Reynoldsburg, Ohio 43068-9649
(614) 864-4004

Matthew Dietrich, Executive Director
ORDC
50 West Broad St., Suite 1510
Columbus, Ohio
43215

Dear Mr. Dietrich,

I am writing you this letter to encourage the members of The Ohio Rail Development Commission to vote to assign the current Operating Agreement that exists between the State of Ohio, and The Columbus & Ohio River Railroad to Genesee & Wyoming Inc. at your September 11th meeting.

Mulch Manufacturing Inc. appreciates its long standing relationship with the Columbus & Ohio River Railroad, and looks forward to working closely with Genesee & Wyoming Inc. to continue that relationship as they become the new owners.

My thanks to you and your staff and the ORDC for your proactive management of this request.

Sincerely,

Charles R. Callahan
Vice President of Transportation
Mulch Manufacturing Inc.
614 864 4004
ccallahan@mulchmfg.com

Matt Dietrich/Rail/CEN/ODOT
09/04/2008 02:18 PM

To Matt Dietrich/Rail/CEN/ODOT@ODOT
cc
bcc
Subject Fw: Ohio Rail Development Commission + Ohio Central Rail System

----- Forwarded by Kate Stickle/Administration/D05/ODOT on 08/12/2008 10:52 AM -----
<feedback@www.buckeyetraffic.org>

08/06/2008 07:43 PM

To <D05.PIO@dot.state.oh.us>
cc
Subject Ohio Rail Development Commission + Ohio Central Rail System

Please respond to
<right.track@gte.net>

ODOT FEEDBACK			
NAME	Phio Nichols	SUBJECT	Ohio Rail Development Commission + Ohio Central Rail System
COMPANY NAME	taxpayer	CONTACT ASAP	YES
TELEPHONE	740-387-3727	DATE	8/6/2008 7:43:25 PM
FAX		LOCAL ADDR	192.168.3.140
AREA	LICKING	REMOTE ADDR	192.168.3.220
EMAIL	right.track@gte.net		
REFERRER	http://www.dot.state.oh.us/Divisions/Rail/Programs/freight/Pages/RailroadRehabilitationProgramSummary.aspx		
BROWSER	Mozilla/4.0 (compatible; MSIE 6.0; Windows 98; Compaq)		
COMMENTS	To Whom it May Concern - now that the Ohio Central Railroad has announced its pending sale to the Genessee & Wyoming family of short-line railroads, was the $2.7 million in upgrades to the Newark-Mt. Vernon branch line factored into the sale price??? The state of Ohio (taxpayers) funded a majority portion of this upgrade, and now Ohio Central is turning around and selling off the railroad. Are the taxpayers going to get any $$ back from this sale?? Also, how many Ohio-based jobs will be lost when Genessee & Wyoming takes over??? Their headquarters are located in Greenwich, CT. I'm assuming that all corporate offices/jobs will be based there. How many job losses does that translate to here in Ohio?? I understand that day-to-day operations may remain basically unchanged, but would Genessee & Wyoming been interested in the rail system had the upgrades NOT been made??		

Stuart
Nicholson/Rail/CEN/ODOT
09/03/2008 10:47 AM

To right.track@gte.net
cc Kate Stickle/Administration/D05/ODOT@ODOT
bcc Matt Dietrich/Rail/CEN/ODOT@ODOT; Susan Arduini/Rail/CEN/ODOT@ODOT
Subject Ohio Central Railroad Sale / Response to E-mail

Mr. Nichols,

Thank you for your e-mail regarding the recently announced sale of the Ohio Central Railroad to the Connecticut-based Genesee & Wyoming Inc. We certainly understand your concerns over the potential impact of this sale as it relates to state dollars that have enabled upgrades to both the state-owned Panhandle Line and the Mt. Vernon Branch. These investments are, in part, a reason that economic development and jobs have grown along these improved rail lines.

The sale of the Ohio Central is basically a stock transaction between the railroad operating companies. The Genesee &Wyoming is assuming all of the responsibilities and legal requirements that attached to the improvements to which the Ohio Central had been committed.

Additionally, in our conversations with G&W they have stated that there will be no job losses but rather they intend to grow the business including local employment. In fact the G&W itself has grown from a company of around 65 employees to well over 2,000 in North and South America, Europe and Australia. They have also demonstrated the ability to grow business along their rail lines and around switching operations tied to numerous seaports.

It is also worth noting that the public benefits, such as improved grade crossing safety and smoother crossing surfaces along the Mount Vernon Line, as well as those along the rest of the Ohio Central's system remain, regardless of the ownership change. This is also true of the economic development benefits that have accrued along with the overall improvements to the rail system.

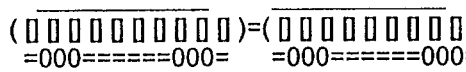
Please be assured that the Ohio Rail Development Commission will both monitor and work closely with the Genesee & Wyoming to ensure that economic growth continues along the Ohio Central System and that all commitments are honored.

Thank you again for getting in touch and expressing your concerns.

Sincerely,

Stu Nicholson
Public Information Officer
Ohio Rail Development Commission
50 West Broad Street
15th Floor
Columbus, Ohio 43215
http://www.dot.state.oh.us/Divisions/Rail/Pages/default.aspx
614-644-0513
stuart.nicholson@dot.state.oh.us

"Passenger Rail: the penicillin for pain at the pump."



This message and any response to it may constitute a public record and thus may be publicly available to anyone who request it.

DRAFT
Minutes of Panhandle Advisory Committee Meeting
August 25, 2008

Panhandle Advisory Committee members met on Monday, Agusust 25, 2008, at the Vern Riffe Center for Government and the Arts, 77 South High Street, 31st Floor, Columbus, Ohio. The meeting was called to order by Chairman Tom McOwen at 12:05 p.m. Committee members Solomon Jackson and Herk Wolfe were in attendance. In addition, ORDC Commissioners Larry Sowers and William Lozier were in attendance. Also present were: ORDC Staff Megan McClory, Wende Jourdan, Lou Jannazo, Cathy Stout, Susan Kirkland, Stu Nicholson, Matt Dietrich, and Gloria Howard, and legal counsel Alan Klodell; Genesee & Wyoming representatives Mark Hastings and David Collins; Jerry Jacobson and Bill Strawn of the Ohio Central Railroad System; Bill Callison and Pat McCune of the Wheeling & Lake Erie Railway; Rick Platt of the Heath-Newark-Licking County Port Authority; Donald French of the Mahoning Valley Economic Development Corporation; Peter Vodenberg of Senator Tim Schaffer's Office; Mindy Kemplin of Rep. Alan Sayre's Office; Joseph Wieder of US Senator Sherrod Brown's Columbus Office; Wendy Zucal of the Dennison Depot; Mike Deemer of Governor Strickland's Office; Rod Willcox, Denny Larr, Daniel Van Epps, Carl Aveni, and Steve Landerman.

The meeting agenda was devoted to a presentation by officials of Genesee & Wyoming Inc. (GWI) about their recently announced purchase of the Ohio Central Railroad System. The existing operating agreement for the state-controlled Panhandle Rail Line requires ORDC approval of any transfer or assignment of the agreement.

Presentation by GWI

Representing the GWI were:

- David J. Collins, Senior Vice-President of the New York / Pennsylvania Region
- Mark W. Hastings, Executive Vice-President, Corporate Development

Mr. Hastings has been with the GWI for 30 years as of September and hired Mr. Collins a year after he started there. Mr. Collins and Mr. Hastings presented a power-point presentation on the Genesee & Wyoming, describing the company and its world-wide railroad holdings. GWI was formed in 1899 by Ed Fuller, who built a railroad to service a salt mine south of Rochester, New York. Mr. Fuller's great-great-grandson, Mortimer Fuller, bought a majority interest in 1977 and has built the company to 2,300 employees, 52 railroads, and a listing on the New York Stock Exchange in 1996. The company reports a market capitalization of $1.5 billion, a fleet of 500 locomotives, 25,000 cars, and operations over 10,000 miles of track.

Mr. Hastings stated that the 52 railroads are organized into 9 regions, including operations in the Netherlands, Bolivia, and Australia. The Ohio Central railroads will become part of the New York/Pennsylvania Region upon completion of the purchase transaction. The regions operate relatively autonomously, with regional presidents having income statement, balance sheet, and investment control, supported by back office support in the areas of human resources, accounting, insurance, capital, and guidance. GWI has been among Forbes Magazine's 200 Best Small Companies for 6 of the last 8 years. The company has experienced 23.9% growth over 5 years, which is spurred by acquisitions plus focus on growth in the regions. Part of the regional

presidents' compensation package is growth.

Mr. Hastings indicated that GWI's operations include short-haul freight, for which they have 700 customers shipping a wide variety of commodities. In addition, GWI provides rail service at 16 North American and European ports, shipping services at 23 major industrial operations, and contract coal loading in the Powder River Basin. GWI loaded approximately 35% of the coal burned in the U.S. last year.

Mr. Hastings reports that GWI has successfully partnered with public entities on projects such as:

- An integrated mine/steel mill in Australia,
- A coal-fired electricity plant in Pennsylvania (a $12 million, 16-mile project that took 40,000 coal trucks off the highway in the first year),
- A wood-pellet plant in Florida with a $2 million investment in locomotives and cars,
- A line upgrade in Oregon consisting of rehabilitation of 35 miles of track with a total investment of $13.5 million,
- A rail link to serve the Maersk private port in Portsmouth, Virginia, and
- A commuter rail project in Oregon, in which GWI will maintain, dispatch, and operate commuter trains and the local entity provides track upgrades, equipment, and liability coverage.

David Collins said that the GWI's core purpose is to be the safest, most respected rail service provider in the world, and its core values are focus, integrity, respect, and excellence. GWI reports that its injury frequency rate is comparable to the Class I railroads and lower than regional and short-line railroads as a whole. GWI states that they are very concerned about customer satisfaction and a recent survey they commissioned found higher satisfaction rates than the trucking industry or the rail industry overall. GWI was highly rated in the areas of professionalism and focus on safety.

Mr. Collins said that he has known Bill Strawn and Jerry Jacobson of the Ohio Central (OC) for many years and that they built from a small, struggling railroad to an enviable one. They see Ohio as a "very rail-friendly state" and view the OC as a "good physical plant resulting from years of consistent investment." Mr. Collins explained that he operates 750 miles of track in New York and Pennsylvania and that the commodities he and the OC carry are similar. He stated that they see continued growth opportunities on the OC System.

Mr. Collins stated that the transaction would result in a debt to capitalization ratio of 54% for GWI and that the anticipated free cash after interest payments and capital maintenance is $100 million per year. The GWI stated that they have a track record of consistently paying down acquisition debt quickly and that the valuation they placed on the property assumes consistent freight rates.

According to Mr. Collins, the GWI expects to add value to the OC system by providing increased management depth (including expanded back office staff), financial stability and liquidity which provides access to cash for growth, and established relationships with the connecting railroads. The GWI states that the OC system fits well with the overall company because of the growth opportunities, purchasing power, opportunity for employee growth across the region, and a focus

on teamwork for the growth and good of all.

Chairman McOwen asked Executive Director Matt Dietrich to provide an update as to the staff's review of the GWI request. Mr. Dietrich stated that staff sent a list of questions suggested by staff and commissioners to GWI. GWI has responded, and that document is being submitted for the records of this meeting. Staff has also been contacting colleagues in other states, other railroads, and shippers. While staff is not finished reviewing the proposal, there is nothing that gives pause from what is known so far.

Following the presentation, the meeting was opened up for questions from Committee members and Commissioners.

Questions & Comments from Commissioners

Commissioner Jackson welcomed GWI and commented that he hadn't seen any negative press about the sale of the Ohio Central and saw that as a good sign. He commented further that Ohio is a good marketplace for GWI to be entering and that he sees the fact of the GWI being a publicly-traded company as a sign that they have been through a lot of scrutiny.

Commissioner Wolfe echoed Commissioner Jackson's comments, stated that GWI is buying a good property and this is a great opportunity for GWI. Commissioner Sowers welcomed GWI to Ohio and stated that he looks forward to working with them.

Chairman McOwen said that he has a couple of questions to make sure there is a clear understanding of provisions in the Operating Agreement. He asked what GWI's intentions are toward the Neilston Connector, which separates the Panhandle Line from the Class I railroads. Mr. Hastings of GWI stated they intend to observe the current lease agreement, saying they are confident with the existing language in the agreement regarding the connector. Chairman McOwen stated that ORDC needs to make sure another lessee also has rights over the Neilston if the GWI is no longer the lessee but is still the owner of the Neilston. Mr. Dietrich stated that the ORDC wants to make sure the intent behind the agreement is understood. Mr. Collins reiterated their comfort with the current language and that type of language in a longer-term agreement. Mr. Hastings stated that they have read the operating agreement and that they are stepping into all existing agreements of the OC by buying its holding company. He also stated that he doesn't think the Surface Transportation Board would allow the Panhandle to be held hostage. Mr. Dietrich would like to have a partnership so that it doesn't get to that level.

Chairman McOwen asked about GWI's policy or expectations regarding excursion service, especially with liability as a continuing issue. Mr. Collins stated they are familiar with the ORDC's Polar Express agreement with the Dennison Depot. Mr. Hastings said they discussed the Polar Express prior to the acquisition announcement and that it comes up with everyone they talk to. They said the railroad is comfortable with the liability coverage provided by the Museum, and stated an offer to the Museum to provide both locomotives and crews to run the trains at their cost. Mr. Collins stated that the liability issue is onerous for everyone and that if the ORDC can help make it better, that would be much appreciated. Mr. Hastings said that for the commuter operation in Oregon, the local entity purchased coverage of $200 million, which is

consistent with the federal law/Amtrak limits. He offered to provide GWI's legal work on the issue.

Commissioner Jackson asked what part of the offer to buy the Ohio Central involved the Panhandle Line itself: what does it mean to the G&W? The G&W officials responded that the Panhandle is part of the system and that it is hard to separate it from the rest of the system in terms of its importance. They stated further that they see the purchase of the Ohio Central as a separate issue from the negotiations over a long-term lease.

Lou Jannazo asked if the Panhandle Line wasn't involved in the deal, would the G&W still Proceed with the purchase? Commissioner Jackson said the committee is just trying to get a handle on how the G&W views the worth of the Panhandle. The G&W responded that the worth of the Panhandle is subject to what happens in the marketplace. They commented that few knew that Eastern coal would again be popular and that has created more business on the Panhandle and other rail lines. They stated that the proposed transaction would not go through without the Commission's approval of the assignment.

Commissioner Lozier asked if GWI could provide a copy of its marketing plan. Mr. Hastings stated that they try to be forward-looking and be about 2 years ahead of their customers, and that they try to identify industrial sites. They don't, however, have a formal 10-year plan or a document of that nature. Mr. Collins stated that theirs is a derived demand that is dependent on the decisions of others, so they need to be involved in communities to know what businesses are doing and respond accordingly. Mr. Strawn stated that GWI is coming into a number of potential (confidential) projects. Mr. Jannazo stated that ORDC does have the ability to keep confidential information.

Commissioner Jackson asked about the GWI diversity policy. The GWI officials responded that they do not have a specific diversity plan but they do see an aging population of workers within the rail industry and a growing need to recruit younger people from many parts of the population. They try to reflect the populations where they operate, but find it difficult to move people between regions to create balance.

Gloria Howard of the ORDC staff asked if the G&W had thought of establishing a mentoring program to assist new staff coming on board. They responded that the G&W has a couple of different levels of mentoring:

- Classroom training for lower to middle level managers to both bring them into the industry and enable them to advance within the company.
- Mentoring for new hires on field jobs (locomotive, train, and maintenance crews)

Public Comment

Wendy Zucal, Executive Director of the Dennison Railroad Depot Museum thanked both Jerry Jacobsen and Bill Strawn of the Ohio Central for their cooperation over the years on the Depot's excursion trains. She acknowledged that the last couple of years have been challenging, but was glad a solution was able to be worked out. She also thanked the GWI officials for their offer of

locomotives and train crews for the Polar Express and welcomed GWI.

Rick Platt of the Heath-Newark-Licking County Port Authority stated that the Panhandle Line is essential to the Port Authority and local business, that he appreciates the Commission asking tough questions, and that he is looking forward to working with GWI.

Bill Callison of the Wheeling & Lake Erie Railway did not have any comments regarding the current transactions but stated that his railroad has a long-term relationship with GWI.

Chairman McOwen asked that any additional questions be raised prior to the next Commission meeting.

Commissioner Jackson asked whether the appraisal was complete yet, and was told it is expected in September.

Chairman McOwen adjourned the meeting at 1:30 p.m.

David J. Collins
Senior Vice President
New York / Pennsylvania Region

August 12, 2008

Matthew Dietrich
Executive Director
Ohio Rail Development Commission
50 West Broad Street, Suite 1510
Columbus, Ohio 43215

RE: Genesee & Wyoming Inc. Acquisition of the Ohio Central Railroad System – Transfer of the Panhandle Operation Agreement

Dear Mr. Dietrich:

Genesee & Wyoming Inc. ("GWI") greatly appreciates that the State of Ohio Rail Development Commission ("ORDC") has scheduled the August 25, 2008 meeting of the Panhandle Rail Line Advisory Committee ("the Committee') to consider the request by The Columbus & Ohio River Rail Road Company ("CUOH") to transfer the current Panhandle Rail Line Operating Agreement from CUOH to GWI.

GWI looks forward to meeting with the Committee and other interested parties in Ohio. We have long recognized that our success is based on the success of the communities we serve. To that end, we feel GWI's decentralized, regional management structure helps our regions build strong community bonds. This structure also ensures the Ohio Central Railroad System (OC) will continue to have strong local management committed to serving Ohio's needs.

We believe our ownership of OC will support its continued success through our focus in the following areas:

Commitment to Safety

- GWI's safety record in 2007 matched the average Class I safety record and is consistent with OC's performance. GWI's results are better than the average short-line railroad by a factor of three.
- In 2007, twenty of our U.S. railroads had zero reportable injuries and received Jake awards from the American Short Line and Regional Railroad Association.

- Each of GWI's regions has a dedicated safety officer. We also have a dedicated safety supervisory staff located in Jacksonville, FL that independently monitor and enhance safety practices across GWI's operations.
- GWI is actively involved in and supports Operation Lifesaver across its U.S. regions. In the past our activities have ranged from education initiatives at local schools and road transportation companies (e.g. UPS and FedEx) to public service announcements and sponsorship of local training programs.
- GWI actively invests in safety training for its staff. For example, in 2008 GWI is committed to send 175 of its employees to a two-day safety program run by DuPont, a leader in workplace safety practices.
- GWI has cross-regional safety teams to support safety best practices that meet on a quarterly basis.
- Our safety staff proactively meets with local first responders for hazardous material releases to ensure efficient and organized coordination between railroad employees and our community partners in the event of an emergency.
- Additionally, we also use DuPont's resources to assist in training other first responders. For example, a DuPont training car is scheduled to be in Butler and DuBois, Pennsylvania later this year. The DuPont training car is used to train railroad employees, fire departments, police and other emergency responders in best practices.
- One of GWI's highest-rated attributes in a recent customer survey by J.D. Power and Associates was, "employees demonstrate a clear commitment to safety."

We anticipate actively involving OC employees in these safety efforts once the transaction closes.

Focused Customer Service Leads to Track Record of Growth

- GWI has generated a five-year average revenue growth rate of 24.7%. This growth stems from a regional focus on current customers, the development of organic growth opportunities as well as the successful integration of acquisitions.
- In a recent survey of our global customer base by J.D. Power and Associates, we received high marks for customer satisfaction. Our results significantly exceeded the overall railroad industry and the trucking industry in customer satisfaction.
- We have invested significantly with State partners to provide rail facilities for new economic development. For example, through a partnership with the Commonwealth of Pennsylvania and one of our customers, we rehabilitated out of service track that leads to a power plant. This project took approximately 40,000 trucks off the road in the first year of operation and supported local coal production. GWI employs a full-time business development team that actively works with regional management to develop and implement new projects.
- In 2007, we had capital expenditures of $7 million to support business development initiatives. We anticipate this amount to be approximately $25 million in 2008.

In meeting with customers of the OC we were pleased to hear about many significant growth opportunities in coal, steel, solid waste and other commodities. We are excited about these opportunities and look forward to supporting these customers' expansion plans. We already work closely with existing OC customers, including AK Steel and Rosebud Mining in Pennsylvania to develop new markets and reduce transportation costs.

Employment

- GWI has a well-established management training program to facilitate employee advancement and assist new supervisors in their positions. In 2008, we expect to have 31 graduates of this program, which covers topics such as safety, leadership, management, coaching, communications, finance, information technology and human resource functions.
- Like our cross-regional safety teams, GWI also has cross-regional teams for marketing, track maintenance, rolling stock maintenance and operations. These teams meet on a bi-annual basis.
- GWI actively sponsors continuing education for its employees through tuition reimbursement for undergraduate and post graduate classes. GWI also is an active sponsor of the Railroad Management Training Program at Michigan State University. The Company also provides 10 scholarships annually to the children of employees.

GWI is very impressed by OC's employees. We recognize they provide the framework for the continued growth of the company and are responsible for the historical success. We anticipate incorporating OC staff in all our employee programs and we welcome their contributions. OC has grown significantly over the last few years and we feel their continued success and planned growth will benefit from additional management support. Our vision for OC includes additional positions in human resources, information technology and accounting.

Financial Support

- GWI is publicly-traded on the New York Stock Exchange (NYSE:GWR) and has a $1.6 billion market capitalization.
- As of June 30, 2008 we had over $1.2 billion in assets.
- GWI has a strong, well capitalized balance sheet and does not have a high debt level. GWI actively invests in its railroads.
- In 2007, GWI spent a total of $82 million on infrastructure spending, including $37 million on maintenance capital expenditures. These amounts are exclusive of the specific new business capital expenditures mentioned above.
- GWI anticipates continued infrastructure investment in Ohio, for both the ongoing maintenance of OC assets and potential growth opportunities with current or future customers.

We believe the OC will benefit from the financial stability and resources of GWI.

We understand there are certain continuing public concerns regarding the Panhandle Line and its future. To the extent we are aware of the issues, we have addressed them below.

Dennison Depot

- Everyone we have talked to in Ohio has mentioned the Dennison Railroad Depot (the "Depot") and the Polar Express excursion train. We have reviewed the existing agreement for the 2008 holiday season. We are committed to work with the ORDC to make the excursion train safe and successful. In addition, we believe we will add additional value by providing locomotives and engineers that would address and rectify the outstanding issues for the event. This will save the Depot money in training and compliance costs. We hope to talk with representatives of the Depot shortly about the agreement and confirm our commitment.

Long Term Lease of the Panhandle Line

- We recognize that the ORDC and OC have been working for over a year to develop a long term lease of the Panhandle Line. Although, there are important issues on both sides that remain outstanding, the current progression by the Committee is encouraging. We recognize and submit that a long-term lease extension is important, as it provides the basis for the significant investment by any corporation in long-term assets that are required to support the railroad.
- However, we believe the long-term lease negotiation is separate from the current request for consent to transfer the Operating Agreement, and should be addressed in an independent forum.

The Nielston Connector

- We recognize that the Nielston track is a major link to the Panhandle Line. It has as been an area of significant industrial development under OC ownership. The Operating Agreement provides for continued access to the Panhandle Line for Panhandle customers.

We will work with the ORDC to find solutions to these issues that are acceptable to all parties.

GWI believes it will be an excellent partner for the State of Ohio and for OC's current and future customers. We believe our core values:

Focus.... for disciplined growth
Integrity... to earn the trust of others
Respect... for all the people with whom we deal
Excellence... in all we do

align with those of OC and we expect the ownership change to be a positive event for OC customers, employees and community partners.

We look forward to meeting with you on August 25th and answering any further questions you may have

Regards,

David Collins

cc: ORDC Commissioners
Mort Fuller
Mark Hastings
Tom Savage

Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

August 11, 2008

Mortimer B. Fuller III
Executive Chairman
Genesee & Wyoming, Inc.
66 Field Point Road
Greenwich, Connecticut 06830

Dear Mr. Fuller:

The Ohio Rail Development Commission (ORDC) welcomes you to Ohio. The ORDC has enjoyed a long and successful partnership with the Ohio Central Railroad System on the Panhandle Rail Line and we are looking forward to continuing that relationship with Genesee & Wyoming (G&W) as well. We have received a written request from Ohio Central requesting that ORDC formally consider the transfer of the current Panhandle Operating Agreement at its September 11, 2008 commission meeting. As G&W currently does not have a presence in Ohio, to begin that process below are a series of questions from the ORDC that have been brought forward for your consideration. While not an inclusive list, we believe they will serve as a good basis of understanding for ORDC to consider your request:

- What resources and synergies does G&W bring to Ohio with the acquisition of the Ohio Central? To put it another way, how does the Ohio Central fit into the G&W system, both strategically and physically, and how do those connections benefit the Panhandle? State of Ohio in general? Other railroads in Ohio?
- The Ohio Central has very aggressively marketed its railroad for many years so this is not a situation where a shortline is taking over branchlines long neglected by a Class I carrier. Where does G&W see traffic increases which will significantly increase the revenue of the lines? Can you provide us with a marketing plan that identifies where G&W would grow Ohio Central traffic over the next decade and explain how the Panhandle factors into that strategy?
- G&W will be spending approximately $219 million on the acquisition of the Ohio Central, with the possibility of adding in an additional $25 million if certain conditions are met. A G&W news release on this issue notes that G&W will expand its senior credit facility from $256 million to $570 million to finance the Ohio Central acquisition. In the past, ORDC has seen railroad acquisitions that resulted in the railroad struggling for years to retire the acquisition debt. With this as a background, please explain G&W's acquisition debt retirement strategy, specifically how that strategy relates to infrastructure investment and rates on the Panhandle.
- Does the G&W view any of the existing Ohio Central track to be redundant or non productive? Do you foresee any track abandonments in the future?

- Are there any clauses in the Purchase & Sale Agreement that could adversely impact the Panhandle?
- Can ORDC view the Purchase and Sale Agreement?
- Is the purchase of the Ohio Central Railroad in any way contingent upon ORDC providing a *long term* lease for the Panhandle Rail Line?
- What are the planned changes in the organization of the Ohio Central?
- How will employment at the Ohio Central be affected by this acquisition?
- Will Ohio Central offices remain in Ohio?
- Does the G&W have a diversity plan?
- What is the G&W policy on Excursions? Passenger Rail? Commuter Rail? Specifically, the State of Ohio has long term plans for rail passenger service between Columbus and Pittsburgh. What would the Ohio Central Railroad, under G&W ownership, require of the State in order for Amtrak services to begin? For 110 MPH higher speed rail service?
- Currently ORDC has an agreement with the Dennison Depot to run a third party Polar Express Excursion Train. Will the G&W assume the same position as the Ohio Central with regard to that service this year?
- What is G&W's relationship, if any, with the connecting railroads (WLE, RJC, CSX, NS, Ohi-Rail) and how does the acquisition affect those relationships?
- What has been G&W's relationships with the other state rail authorities in which it currently operates?
- What happens to NS overhead coal traffic?
- What impact does the acquisition have on CSX leases for the Mt. Vernon and Cambridge Lines? Do those leases need affirmative action taken by CSX as a result of the acquisition?
- Does the G&W have any Long Term Capital Plans for the Panhandle?
- The Neilston Connecting track has been a point of concern for ORDC as it is the connection between the state-owned Panhandle and Columbus interchanges. When the Columbus & Ohio River Railroad (C&OR) won a competitive selection process which ORDC conducted in 1997 it agreed that in the event that the C&OR was no longer the operator of the State owned Panhandle rail line, the C&OR would provide the new operator the right to traverse the Neilston Connecting Track at a very reasonable charge to be able to reach NS and CSX interchanges in Columbus. This provision is in the current ORDC – C&OR Operating Agreement and will be in any future operating or lease agreements which the ORDC enters into for the Panhandle. Will the G&W be ready and willing to assume this Neilston overhead requirement?
- What is your understanding of ORDC's rights on the jointly owned C&N track between Columbus and Newark?
- What is your understanding of the third party operator provisions in the Operating Agreement?
- How will the Ohio Central operations fit into the G&W corporate structure? Will the general manager of the Ohio Central properties also be responsible for other G&W railroads? If so, which ones?

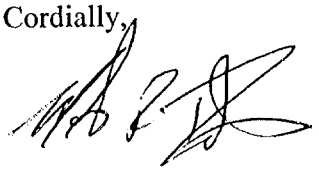
- How does the G&W handle its budgeting for capital and operations across its many railroads? How are operating profits from one G&W railroad shared with others? How are operating losses from one G&W railroad shared with the others? Will the Ohio Central be competing with all of the other G&W railroads for capital expenditures?
- What role will the Surface Transportation Board play in the purchase?
- Property Management: What is your policy for granting easements, leases, licenses on ROW?
- Will the Master Agreements with the Ohio Central for both surface reconstruction and warning device improvements automatically transfer to the G&W?
- Does the G&W use continuing contracts or force account for safety (light and gate) projects?
- There are multiple warning device projects in process with the Ohio Central. Will the G&W progress these projects as originally planned?
- Have introductory conversations taken place with the PUCO?

In order to facilitate the dialogue to consider the G&W's request for assignment of the current Panhandle Agreement, the ORDC is holding a special session of its Panhandle Advisory Committee on August 25, 2008 at 12:00 p.m. We would request your presence, or a representative of your company, to come to respond to these and other questions of the Commission.

Please note that the ORDC is authorized by ORC 4981.03(D) to request any railroad provide it with data and information necessary to carry out its statutory duties. This statute also binds the ORDC from not disclosing any confidential information or data supplied to it by the railroad.

If you have any questions please do not hesitate to contact me directly at 614-644-0295. Again, welcome to Ohio and I look forward to continuing the strong partnership on the Panhandle with the G&W.

Cordially,



Matthew R. Dietrich
Executive Director

Mark W. Hastings
Executive Vice President

August 19, 2008

Matthew R. Dietrich
Executive Director
Ohio Rail Development Commission
50 West Broad Street, Suite 1510
Columbus, Ohio

RE: Questions Concerning Genesee & Wyoming Inc.

Dear Mr. Dietrich:

Thank you for your letter to Mr. Fuller of August 11th concerning Genesee & Wyoming Inc.'s ("G&W") request for commission approval of the transfer of the current Panhandle Operating Agreement and general inquires concerning G&W's plans for the Ohio Central. Our responses to the commission's inquires are below. We look forward to meeting with the Panhandle Rail Line Advisory Committee on August 25th and with ORDC on September 11th to discuss our responses and answer any additional questions.

ABOUT G&W:

1. **What resources and synergies does G&W bring to Ohio with the acquisition of the Ohio Central? To put it another way, how does the Ohio Central fit into the G&W system, both strategically and physically, and how do those connections benefit the Panhandle? State of Ohio in general? Other railroads in Ohio?**

   The value G&W brings to Ohio with its acquisition of the Ohio Central Railroad System will come from three main areas: (i) increased management depth (ii) greater financial stability and liquidity to support the operations and (iii) established relationships with connecting railroads.

   As an operator of 52 short-lines throughout the world, G&W has developed a regional management structure to run its railroads. We believe this structure allows for attention to detail managing the business at the local level. However, because G&W has a diverse base of operations, we have access to significant depth in management that share best practices across a number of cross-regional teams. Further, as a stand-alone business, the management of Ohio Central previously spent a considerable amount of time on non-railroad issues such as HR, IT and accounting. G&W has dedicated managers in all of

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these traditional back office areas that will be available to assist the Ohio Central staff in performing these activities. We expect the combination of access to global best practices and the ability to focus on core railroad operations will allow the Ohio Central management to build upon the excellent business they have developed.

G&W's strong track record of financial success will significantly increase the capabilities of Ohio Central. We take a long-term view of capital investment and have capacity to enter into larger projects than Ohio Central could have supported on a stand-alone basis. The State will have the benefit of a stronger financial partner that is very focused on local issues and operating requirements.

We believe our strong relationships with NS and CSX will provide additional access to these organizations for the Ohio Central. Our Buffalo & Pittsburgh Railroad has a number of freight agreements with the Wheeling and Lake Erie and we also work with the RJ Corman railroads in a number of states.

2. **G&W will be spending approximately $219 million on the acquisition of the Ohio Central, with the possibility of adding in an additional $25 million if certain conditions are met. A G&W news release on this issue notes that G&W will expand its senior credit facility from $256 million to $570 million to finance the Ohio Central acquisition. In the past, ORDC has seen railroad acquisitions that resulted in the railroad struggling for years to retire the acquisition debt. With this as a background, please explain G&W's acquisition debt retirement strategy, specifically how that strategy relates to infrastructure investment and rates on the Panhandle.**

G&W has a long history of maintaining conservative leverage levels and we are not making any exceptions to this traditional for the Ohio Central transaction. Pro forma for the debt financing of the Ohio Central, G&W's total debt to capitalization will be approximately 54%. G&W generates significant free cash flow for reinvestment and debt service. Following this transaction, we anticipate G&W will generate approximately $100 million of annual free cash flow – which is after both interest payments on outstanding debt and maintenance capital expenditures. While a portion of this free cash flow will be used to invest in business development activities, the majority of the balance will be used to retire outstanding principal on the acquisition debt. G&W has a consistent track record of quickly paying down its acquisition debt.

In developing our valuation of the Ohio Central we assumed freight rates consistent with Ohio Central's past practices. We are very sensitive to the concept that railroading is more of a volume business than a rate business. We recognize we can only be successful if our customers remain competitive in the markets they serve.

3. **What is the G&W policy on Excursions? Passenger Rail? Commuter Rail? Specifically, the State of Ohio has long term plans for rail passenger service between Columbus and Pittsburgh. What would the Ohio Central Railroad, under G&W ownership, require of the State in order for Amtrak services to begin? For 110 MPH higher speed rail service?**

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G&W is an operator of freight railroads and does not actively engage in excursion, passenger or commuter services except under special circumstances. However, if circumstances or public policy dictate that these services be available, we stand ready to be a responsible and safe partner with the appropriate parties. For example, we are working with Tri-Met and Washington County Commuter Rail in Portland, Oregon to establish a 14.5 mile commuter rail operation over our railroad that will provide links to other passenger rail operations in Portland. In this situation, Tri-Met provided funds to upgrade the track to the speeds required by passenger rail and will provide the equipment and liability insurance coverage. Through a subsidiary, G&W will dispatch and operate the trains with its locomotive engineers under contract to Washington County.

With respect to the possibility of Amtrak or high-speed passenger service, G&W is not in a position to provide the specific requirements needed to provide such services. However, as you are aware, the costs to upgrade and maintain a rail line for the provision of the passenger service contemplated in the question are significant – and certainly above the maintenance requirements necessary for the present freight operations and also well in excess of those contained in the Panhandle Operating Agreement. We would expect the State to fund the required track upgrade and provide adequate liability coverage.

4. **What is G&W's relationship, if any, with the connecting railroads (WLE, RJC, CSX, NS, OhiRail) and how does the acquisition affect those relationships?**

G&W maintains excellent relationships with all of the railroads mentioned, with the exception of OhiRail, with whom G&W does not have a pre-existing relationship. Our Buffalo & Pittsburgh Railroad along with the Allegheny Valley Railroad has developed a joint marketing relationship with the WLE to increase freight movements between Ohio and Pennsylvania.

With respect to the Class I railroads, CSX and NS are G&W's first and fourth largest interchange partners, respectively. We communicate with all levels of management at these railroads on a constant basis and are actively working with both to expand business at many of G&W's operations.

5. **What has been G&W's relationships with the other state rail authorities in which it currently operates?**

We believe we have excellent relationships with local state rail authorities. We have very active relationships with the rail authorities in New York, Pennsylvania, Virginia and Oregon where we have worked on major public/private projects to improve rail service. We would be happy to provide references from these authorities.

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6. **Does the G&W have a diversity plan?**

   G&W is an equal opportunity employer and complies with all applicable employment laws. Additionally, our Code of Ethics exemplifies G&W's commitment to maintaining a work environment that is free from all forms of harassment and discrimination, including sex, race, national origin, religion, marital status, sexual orientation, age and/or disability.

7. **Currently ORDC has an agreement with the Dennison Depot to run a third party Polar Express Excursion Train. Will the G&W assume the same position as the Ohio Central with regard to that service this year?**

   We will assume the same position as the Ohio Central with regard to the operation of the Polar Express Excursion Train. Additionally, we feel we may be of assistance to the Dennison Depot by offering to contract with them to supply locomotives and engineers. We believe this would help the Dennison Depot meet Federal regulations and save them the expense of qualifying engineers for the event. We hope to talk with the Dennison Depot representatives shortly about this agreement and we will work to make the Polar Express a success.

8. **Does the G&W have any Long Term Capital Plans for the Panhandle?**

   G&W actively invests in its railroads to maintain its assets to meet our customers' goals. G&W feels the Panhandle has been well maintained under OCR's stewardship. We anticipate investing in rail, rolling stock and related equipment which are necessary to provide service that is consistent with how Ohio Central has operated in the past. Further, we look forward to meeting with customers on Panhandle and on Ohio Central's other railroads to see where we can co-invest with our customers in support of their expansion plans.

9. **How does the G&W handle its budgeting for capital and operations across its many railroads? How are operating profits from one G&W railroad shared with others? How are operating losses from one G&W railroad shared with the others? Will the Ohio Central be competing with all of the other G&W railroads for capital expenditures?**

   Each of G&W's regions is responsible for its own Income Statement, Balance Sheet and capital budgeting. The operations of one region do not impact those of G&W's other operations as we are not capital constrained. G&W's capital budgeting is performed on an individual railroad basis. As with any investment, capital projects are expected to return our cost of capital over the life of the improvement. Our plans for the Ohio Central include annual long-term capital expenditures, and the properties will not be competing with other G&W railroads for capital.

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10. Does the G&W use continuing contracts or force account for safety (light and gate) projects?

We are comfortable with both forms of funding for safety projects. Our primary focus is safety and G&W will work with ORDC to obtain the best engineering and installation practices available to ensure that competitive pricing occurs without sacrificing quality

11. There are multiple warning device projects in process with the Ohio Central. Will the G&W progress these projects as originally planned?

We believe the current projects should be completed as planned and are not aware of any reasons these projects would not progress as originally expected.

12. The Ohio Central has very aggressively marketed its railroad for many years so this is not a situation where a short line is taking over branch lines long neglected by a Class I carrier. Where does G&W see traffic increases which will significantly increase the revenue of the lines? Can you provide us with a marketing plan that identifies where G&W would grow Ohio Central traffic over the next decade and explain how the Panhandle factors into that strategy?

Ohio Central has done an excellent job marketing its railroads over the past few years and has developed an excellent franchise. Following the closing of the transaction, G&W expects to continue forward with the same marketing staff which has been so successful in building the business. We expect growth in commodities such as coal, metals, solid waste, and ethanol amongst other commodities. These growth initiatives are anticipated to develop on all of the Ohio Central railroads, including the Panhandle.

Marketing efforts will be supported by our relationships with Ohio Central customers in other regions. For example, we currently serve AK Steel, Rosebud Mining, and American Rock Salt in other regions. Additionally, our size gives us broader access to rail car supply to support customer requirements.

13. The Neilston Connecting track has been a point of concern for ORDC as it is the connection between the state-owned Panhandle and Columbus interchanges. When the Columbus & Ohio River Railroad (C&OR) won a competitive selection process which ORDC conducted in 1997 it agreed that in the event that the C&OR was no longer the operator of the State owned Panhandle rail line, the C&OR would provide the new operator the right to traverse the Neilston Connecting Track at a very reasonable charge to be able to reach NS and CSX interchanges in Columbus. This provision is in the current ORDC – C&OR Operating Agreement and will be in any future operating or lease agreements which the ORDC enters into for the Panhandle. Will the G&W be ready and willing to assume this Neilston overhead requirement?

G&W is aware of the provisions in the current Operating Agreement regarding the Neilston Connector and we are comfortable with the language.

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PLANS FOR OHIO CENTRAL

1. **Is the purchase of the Ohio Central Railroad in any way contingent upon ORDC providing a long term lease for the Panhandle Rail Line?**

   G&W's purchase of the Ohio Central Railroad System is not contingent upon ORDC providing a long-term lease for the Panhandle Rail Line.

2. **What are the planned changes in the organization of the Ohio Central? How will employment at the Ohio Central be affected by this acquisition? Will Ohio Central offices remain in Ohio?**

   We do not plan to make major changes in the organization of the Ohio Central. We expect to retain almost all the current employees and plan on a few new hires. Certain members of management, principally Jerry Jacobson, are planning to leave the company following the transaction. Further other employees, principally those employees whose duties pertain to Mr. Jacobson's steam locomotives will also leave the company, however they will continue to be employed by Mr. Jacobson.

   Ohio Central's offices will remain in Ohio. G&W plans are to add additional positions in human resources, information technology and accounting. The Ohio Central Railroad has grown significantly over the last few years and we feel will benefit from additional management support.

3. **How will the Ohio Central operations fit into the G&W corporate structure? Will the general manager of the Ohio Central properties also be responsible for other G&W railroads? If so, which ones?**

   We anticipate that the Ohio Central Railroads will become part of G&W's New York / Pennsylvania Region, under the management of David Collins. We feel this is a logical fit for the Ohio Central as it provides the operations immediate access to a developed management team which will be able to focus intently on integrating the operations smoothly to ensure that Ohio Central's operations are unaffected by the transaction.

   David Collins has been with G&W for 28 years, and is an experienced general manager. Under his leadership, GWI's NY/PA region has grown from approximately $35 million of revenue in 1997 to $69.6 million in 2007. In 2006, Railway Age named the Buffalo & Pittsburgh Railroad "Regional Railroad of the Year." David led our efforts and was primarily responsible for rebuilding the infrastructure and customer base on this line.

4. **Does the G&W view any of the existing Ohio Central track to be redundant or non productive? Do you foresee any track abandonments in the future?**

   G&W does not believe there to be any non-productive or redundant track, and does not anticipate track abandonments in the near future.

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PANHANDLE LEASE/OPERATING AGREEMENT

1. **Are there any clauses in the Purchase & Sale Agreement that could adversely impact the Panhandle?**

   There are no clauses in the Purchase & Sale Agreement that could adversely affect the Panhandle.

2. **Can ORDC view the Purchase and Sale Agreement?**

   The Purchase and Sale Agreement is a confidential document between G&W and Summit View Inc., and contains competitively sensitive provisions. We feel the agreement is not required to evaluate G&W's ability to safely operate, maintain and continue to grow business on the Panhandle.

3. **What is your understanding of ORDC's rights on the jointly owned C&N track between Columbus and Newark? What is your understanding of the third party operator provisions in the Operating Agreement?**

   Our understanding is that ORDC leases the jointly owned track from Caprail I. We assume that the lease provides ORDC with any rights Caprail and the former owner, Conrail, enjoyed. We have not had benefit of these documents. G&W has reviewed the Operating Agreement and our understanding of the rights referenced in this question is based on that review. The provisions of Article 4 of the operating agreement and understand there are circumstances where our operations will not be exclusive.

OTHER

1. **Will the Master Agreements with the Ohio Central for both surface reconstruction and warning device improvements automatically transfer to the G&W?**

   Yes, all existing agreements of Ohio Central's railroads will remain in place following the acquisition.

2. **What happens to NS overhead coal traffic?**

   G&W has contacted NS to discuss the overhead coal traffic and other aspects of Ohio Central's operations. We do not expect changes to the haulage service and look forward to working with NS to continue to grow this traffic.

3. **What role will the Surface Transportation Board play in the purchase?**

   As an operator of other railroads in the United States we will file with the STB to receive permission from the STB to own and operate the Ohio Central System railroads.

Genesee & Wyoming Inc.
66 Field Point Road, Greenwich CT 06830
203 629 3722 phone 203 661 4106 fax mhastings@gwrr.com

4. **Property Management: What is your policy for granting easements, leases, licenses on ROW?**

   G&W does not have a formal policy with respect to property management. We typically look at each situation independently and are willing to approve such requests provided they do not create safety hazards, expose G&W to liability it would not otherwise have, or unreasonably interfere with freight operations.

5. **Have introductory conversations taken place with the PUCO?**
   G&W has not had introductory conversations with PUCO, however if the ORDC believes this would be a prudent course of action, we would be happy to meet with them.

Please feel free to contact David Collins or myself with any questions. David Collins can be reached at 585-463-3004 or by email dcollins@gwrr.com. I can be reached at 203-413-2103 or mhastings@gwrr.com

Regards,

Genesee & Wyoming Inc.
66 Field Point Road, Greenwich CT 06830
203 629 3722 phone 203 661 4106 fax mhastings@gwrr.com

RESOLUTION 08-18

RE: GENESEE & WYOMING RAILROAD ACQUISITION OF COLUMBUS & OHIO RIVER RAIL ROAD COMPANY

A RESOLUTION TO APPROVE THE ASSIGNMENT OF THE CURRENT PANHANDLE RAIL LINE OPERATING AGREEMENT FROM THE COLUMBUS & OHIO RIVER RAIL ROAD COMPANY TO THE GENESEE & WYOMING INC. UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, the Ohio Rail Development Commission ("ORDC") is authorized by ORC 4981, Sections .14 (9) and (18) to exercise all powers necessary or appropriate to carry out its corporate purposes including the authority to make and enter all agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, on May 17, 2007, the ORDC entered into an Operating ("Agreement") with the Columbus & Ohio River Rail Road Company ("C&OR") for the operation of the Panhandle Rail Line ("Panhandle") which expires on June 30, 2012; and

WHEREAS, Article 12 of the Agreement requires the C&OR to secure the advance written consent of the Director of the ORDC of an assignment of the Agreement;

WHEREAS, the proposed stock purchase of the controlling interest in Summit View, Inc., the parent company of the C&OR, to a company not now in control, is deemed to be an assignment within the meaning of the aforementioned Article 12; and

WHEREAS, the ORDC now desires to approve the assignment of the Agreement to the Genesee & Wyoming Inc.,

NOW, THEREFORE, BE IT RESOLVED the ORDC of the State of Ohio grants consent to the C&OR to assign the Agreement to Genesee & Wyoming Inc. pursuant to Section 12 of the Agreement.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____	recused
_____ for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____	recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____	recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____	recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____	recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____	recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____	recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____	recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____	recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 9/11/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 9/11/2008
Jolene M. Molitoris, Chairwoman Date

Project Briefing:
WESTCO Springfield to Washington Court House Rehabilitation

September 3, 2008

Project Costs		Project Benefits
* ORDC Grant up to	$200,000	* "Mega Site"/Job Ready Site Located on Line
* ORDC Loan up to	$400,000	* 10 WESTCO Rail Users Use Line
* WESTCO Funds/Admin & Misc.	$50,000	* I&O Uses Route as Part of Through Route

INTRODUCTION: The West Central Ohio Port Authority (WESTCO) requests grant funding of up to $200,000 and loan funding of up to $400,000 to pay the up to $650,000 in costs for the rehabilitation of 10 miles of the WESTCO owned Springfield (MP 202.7) to Fayne (near Washington Court House – MP 229.83) rail line. Staff recommends proceeding with the grant and loan with the suggested terms of the loan being seven years with interest in years one and two being 0%, and interest in years three through seven being 2/3 of the prime rate at the time of Commission approval, or at loan closing, whichever is less. Staff recommends that the final terms and conditions of the loan and the collateral be determined by the Executive Director.

BACKGROUND

Recent History of Springfield to South Charleston Line: WESTCO was formed in 1990 for the purpose of buying the Springfield to Fayne line from the Grand Trunk Western Railroad. Of the $3,025,990 purchase price, the State of Ohio provided $1,357,654 in federal funds and $760,539 in State funds for a total of $2,118,193 or 70% of acquisition costs. Other acquisition funding included $162,470 from Fayette County, $220,017 from Clark County, $102,770 from Clark Landmark in South Charleston, $102,770 from Buckeye Landmark in Jeffersonville, $102,770 from the Indiana & Ohio Railroad, $150,000 from Farmers Home Administration, and $67,000 from other sources for a total non-State share of $907,797, or 30% of costs. WESTCO retained the Indiana & Ohio Railroad (I&O) to operate the line. At that time, the I&O was growing from a Ma & Pa short line into a regional railroad.

WESTCO was the creation of Clark and Fayette Counties. When WESTCO purchased the Springfield to Mechanicsburg and Springfield to Bellefontaine lines from Conrail a few years later, Champaign County joined in as a WESTCO partner.

Originally, the Springfield to Fayne line was preserved for the local elevators and their grain and fertilizer traffic. Only after the I&O system grew as the result of further WESTCO acquisitions as well as private I&O expansion did the Springfield to Fayne line take on a more strategic mission. The Springfield to Fayne line is now an alternative route for the I&O to get between Diann, Michigan, a Canadian National interchange point near Detroit, and the I&O Cincinnati gateway connections with Norfolk Southern and CSX. The zenith of the line as an overhead route from Detroit to Cincinnati came in 2006 when the I&O routed 13,393 cars over the line. In addition to Detroit – Cincinnati traffic being handled on the line, WESTCO shippers on the Springfield to Mechanicsburg and Springfield to Bellefontaine lines use the Springfield to Fayne routing when it is advantageous. In 2007, the I&O went back to using its trackage rights over the NS line from Springfield to Cincinnati and overhead traffic on the Springfield to Fayne line dropped to 182 cars. So far in the first half of 2008, there have been 921 overhead carloads.

Currently, the on line shippers on the Springfield to Fayne line include Southwest Landmark (formerly Clark Landmark), and Keynes Brothers (in the former Buckeye facility). These companies generate about 2,000 cars of traffic a year. Southwest Landmark recently located a new fertilizer plant in South Charleston which is expected to increase annual carloadings on the line by about 800 cars. In addition, the Paygro Division of Garick Industries and Smithfield Food's Ohio cattle lot located next to Paygro, will likely start using this line

from their location on a 1.9 mile spur owned by Garick off of the WESTCO line in South Charleston. Garick recently bought and rehabilitated this 1.9 mile line so that it could take advantage of I&O rail service.

The connections offered by the I&O, and its parent company, RailAmerica, are too numerous to list here. A map of the RailAmerica system in the region is included herein as Exhibit "A". In total, WESTCO owns 94.4 miles of railroad (including sidings, yards, and industrial lead tracks) on lines between Springfield and Washington Court House, Springfield and Bellefontaine, and Springfield and Mechanicsburg. I&ORY is the contract operator for all WESTCO lines. A map of WESTCO owned lines is included as Exhibit "B".

ORDC Project on Springfield to Fayne Line, 1999 Rehabilitation: ORDC provided a $500,000 grant and $400,000 loan to WESTCO in 1999 for a major rehabilitation project on the Springfield to Fayne line. In addition, WESTCO provided $500,000 from the salvage of track no longer needed for operations, and $250,000 from fees it collects from the I&O. WESTCO has fully repaid ORDC this 1999 loan.

ORDC Project on Springfield to Fayne Line, Sugar Creek Bridge 224.7: In January of 2007, ORDC approved $207,000 in grant funding and up to $513,000 in loan funding to help WESTCO and the Indiana & Ohio Railway (I&ORY) replace the bridge at MP 224.7 of the WESTCO owned Springfield to Fayne (Washington Court House) line. The 224.7 bridge was completed in 2007. The 224.7 bridge came in under the estimated costs so only $308,000 in ORDC loan money was required. WESTCO will be paying off this $308,000 over the next 5+ years.

ORDC Project on Springfield to Fayne Line, Sugar Creek Bridge 222.22: The Sugar Creek Bridge #2 is located at MP 222.2 (about 2.6 miles east of the I -71 bridge over the WESTCO line) on the WESTCO owned Springfield to Fayne line. Replacement costs for this bridge turned out to be $615,000, under the $700,000 which had been the estimate in March of 2008 when ORDC approved $250,000 in grant funding and up to $400,000 in loan funding for the replacement of the bridge. The 222.22 bridge was opened to traffic on August 27 of this year. ORDC is reducing its loan funding accordingly.

Current Situation: Because of all the projects WESTCO has undertaken, it now collects fees from shippers on a per carload basis in addition to the fees it collects from the I&O (i.e. a lease fee as well as overhead trackage fees for through traffic). WESTCO is requesting funding at this time to finish off the series of projects it started in 1999. WESTCO's goal is to get the entire Springfield to Fayne line up to FRA Class II standards. There are currently slow orders on about 10 of the 27 miles on this line, mostly at the north end. An up to $650,000 track rehabilitation project is proposed to eliminate all slow orders and have a FRA Class II track on the entire line.

PROJECT DESCRIPTION

WESTCO has started a competitive selection process to select a contractor to perform the following work:

Install 6,000 Crossties
Install 2,800 Rail Anchors
Distribute 3,000 Tons of Ballast
Surface 10 Miles of Track
Surface 8 Turnouts
Remove 1 Turnout
Miscellaneous Related Work

In addition, WESTCO's costs to administer the project (create bid documents, run competitive bid process, project management and inspection, etc.) are a part of the $650,000 project costs. Bids are due to be open on September 15, 2008 with the selected contractor starting work on September 26. Work is to be completed by the end of the year. The I&O will be responsible for normal maintenance with WESTCO being responsible for extraordinary maintenance.

WHY ORDC FUNDING IS NEEDED: ORDC funding is needed to move forward this year and to maintain WESTCO's ability to fund other needed rail projects in upcoming years.

PROJECT BENEFITS

- Maintains effective CSX interchange just south of Columbus (Haynes Siding) for WESTCO grain elevators on all the WESTCO lines. These grain elevators generated 4,369 carloads of unit train traffic in 2007. Further, Ohio grain from locations on other I&O and RailAmerica lines not owned by WESTCO, particularly the I&O owned Springfield to Lima line, can use this Columbus interchange.
- In addition, the Springfield to Fayne line is the only route for grain elevators on the Springfield to Fayne line (Southwest Landmark and Keynes Brothers) as well as major grain shippers in Urbana and Mechanicsburg (Champaign Landmark) on other WESTCO owned lines to rail corn directly to the new Vera Sun ethanol plant in Bloomingburg. Further, Ohio grain from locations on other I&O and RailAmerica lines not owned by WESTCO, particularly the I&O owned Springfield to Lima line, can access Vera Sun over the Fayne line.
- Maintains effective alternative Detroit - Washington Court House - Cincinnati route for non WESTCO I&ORY/RailAmerica traffic, and an alternative Washington Court House to Cincinnati route for all WESTCO shippers, if needed.
- The WESTCO Fayne line serves a 2,400+ acre site which was one of Ohio's final sites for the recent Honda plant selection process. The Ohio Department of Development is helping to promote the site under its Job Ready Site Program and has taken out an option to acquire 1,000 acres for future industrial development. A requirement for an industrial Job Ready Site is to have a rail line with FRA Class II or better track.
- All of the many 10 MPH slow orders would be removed increasing rail operating efficiencies.
- A new fertilizer plant opened earlier this year along the Springfield to Washington Court House line which will generate 800 to 1,000 new carloads along the line.

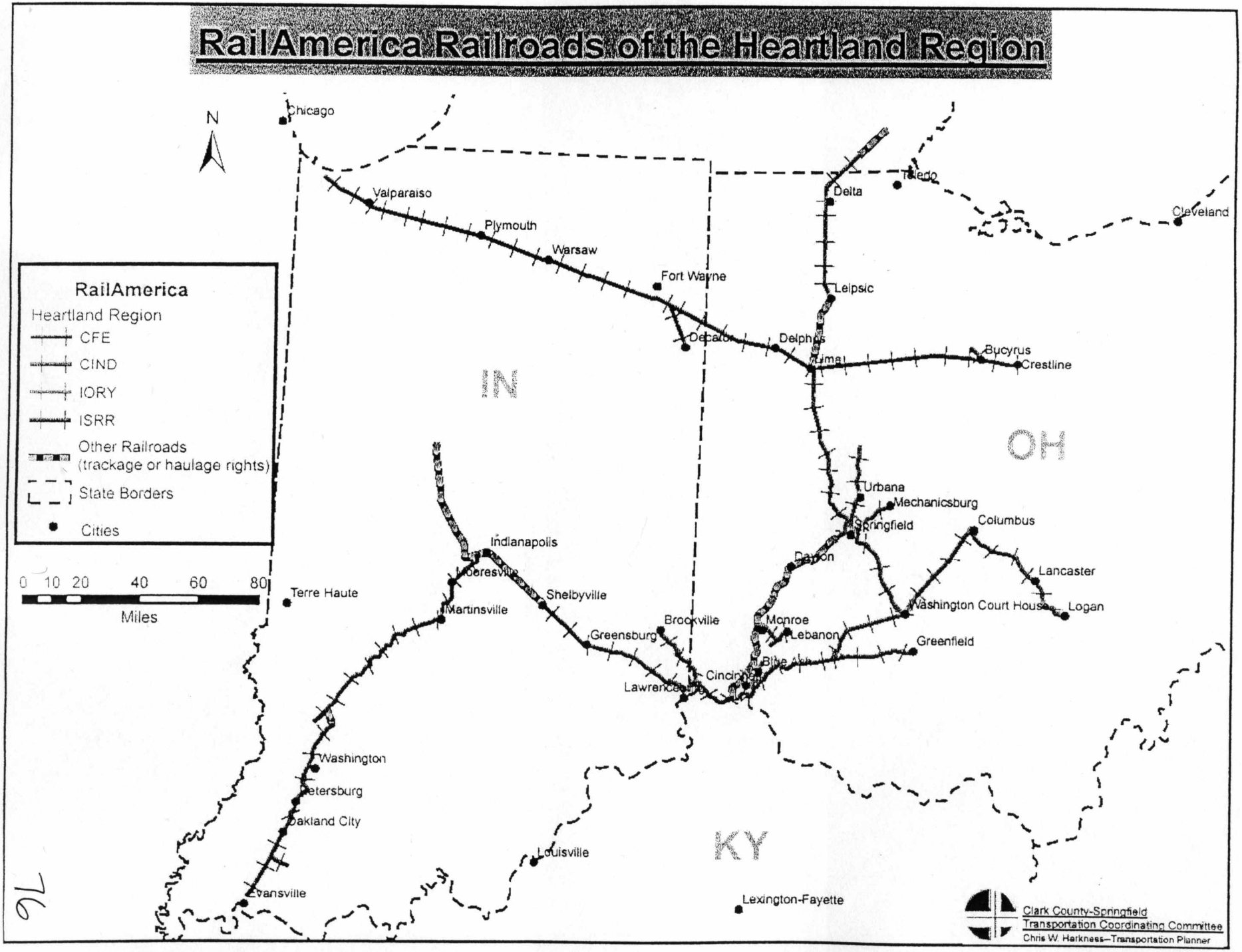
OTHER CONTRIBUTIONS

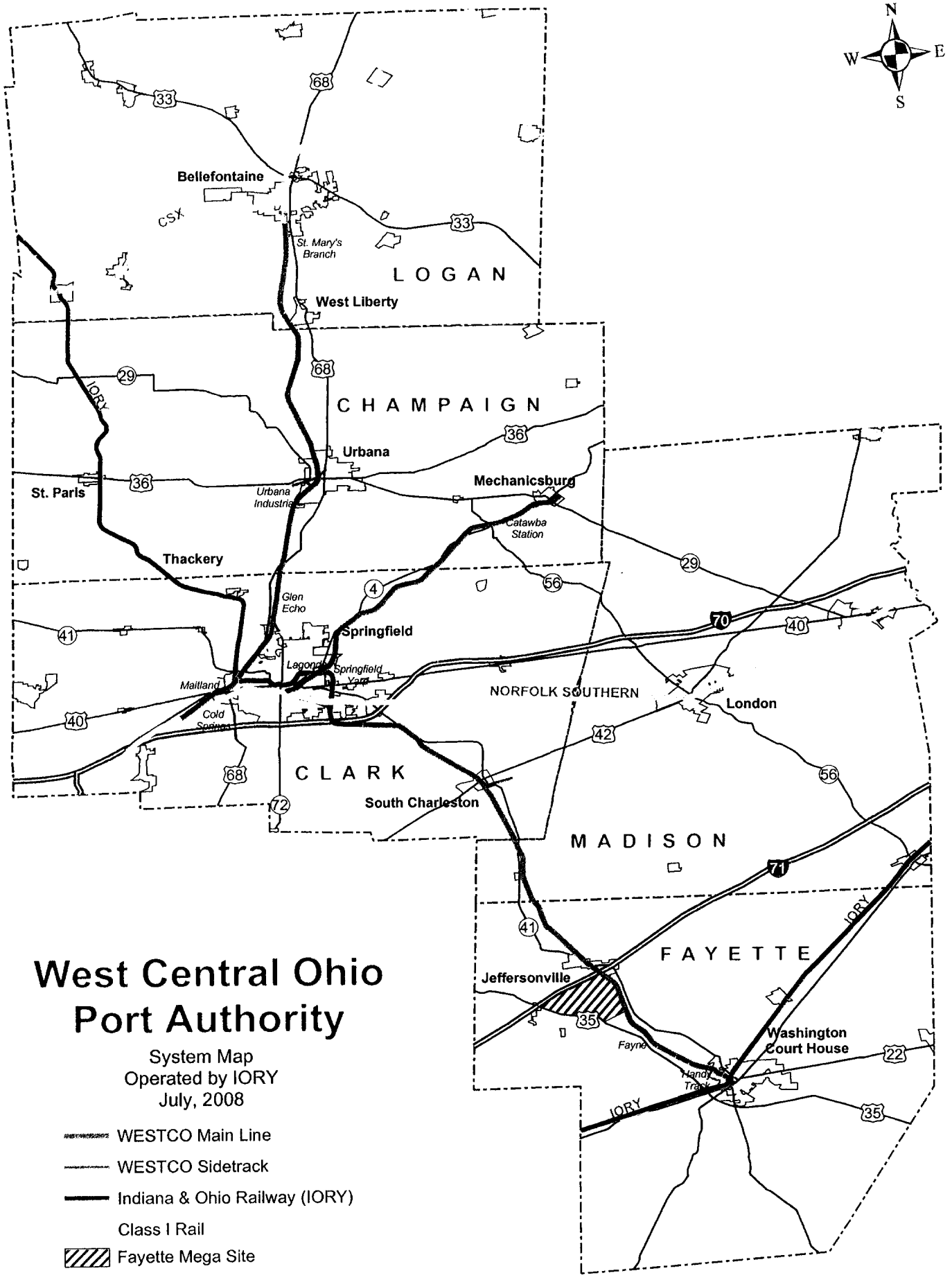
- WESTCO is providing $50,000.
- I&ORY is providing in-kind contributions by helping administer construction (including flagging, train detours as needed, etc.), and by providing rail transportation of ballast from the quarry to the site and a work train to spread the ballast at no charge.
- WESTCO rail users and I&ORY will provide the funds to repay the up to $400,000 in loan financing ORDC would provide. All WESTCO rail users pay WESTCO a per car charge for every carload of freight they generate. In addition, I&ORY pays WESTCO an annual lease fee, as well as trackage rights fees for overhead traffic. These I&ORY payments are in addition to I&ORY's responsibility to provide normal maintenance on the WESTCO lines

SPECIAL CONTINGENCIES

ORDC would be providing WESTCO with a grant of $200,000 and a loan of up to $400,000. In the event that the project comes in under the $650,000 cost, ORDC would reduce both its grant and loan funding in proportion to the cost reduction. WESTCO's share would also be reduced proportionately.

Staff recommends that the Executive Director be empowered by Commissioners to determine the final terms and conditions of the loan and the collateral which will back the loan.


RailAmerica Railroads of the Heartland Region
N
Chicago
Valparaiso
Plymouth
Warsaw
Fort Wayne
Toledo
Delta
Cleveland
Leipsic
Decatur
Delphos
Lima
Bucyrus
Crestline
IN
OH
RailAmerica
Heartland Region
CFE
CIND
IORY
ISRR
Other Railroads
(trackage or haulage rights)
State Borders
Cities
0 10 20 40 60 80
Miles
Urbana
Mechanicsburg
Springfield
Columbus
Indianapolis
Dayton
Lancaster
Terre Haute
Shelbyville
Martinsville
Washington Court House
Logan
Brookville
Monroe
Lebanon
Greensburg
Greenfield
Blue Ash
Cincinnati
Lawrenceburg
Washington
Petersburg
Oakland City
Louisville
KY
Evansville
Lexington-Fayette
Clark County-Springfield
Transportation Coordinating Committee
Chris W. Harkness—Transportation Planner



West Central Ohio Port Authority

System Map
Operated by IORY
July, 2008

- WESTCO Main Line
- WESTCO Sidetrack
- Indiana & Ohio Railway (IORY)
- Class I Rail
- Fayette Mega Site

RESOLUTION 08-15

RE: WEST CENTRAL OHIO PORT AUTHORITY SPRINGFIELD TO WASHINGTON COURT HOUSE TRACK REHABILITATION PROJECT LOAN & GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE WEST CENTRAL OHIO PORT AUTHORITY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the West Central Ohio Port Authority (the "Authority"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Authority; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Authority, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Authority with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Authority, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____	recused
_____ for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____	recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____	recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____	recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____	recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____	recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____	recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____	recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____	recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 9/11/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 9/11/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A grant to the Authority pursuant to Section 4981.032 of the Ohio Revised Code in the amount up to Two Hundred Thousand Dollars ($200,000) (the "ORDC Grant") and a loan in an amount of up to Four Hundred Thousand Dollars ($400,000) (the "ORDC Loan") to rehabilitate the Rail Service Project as defined herein. The ORDC Grant and ORDC Loan shall be used to rehabilitate 10 miles of the WESTCO owned Springfield (MP 202.7) to Fayne (near Washington Court House – MP 229.83) rail line by installing approximately 6,000 crossties and 2,800 rail anchors, the distribution of 3,000 tons of ballast, surfacing of the entire Rail Service Project (including one turnout) the removal of a turnout, and other related work as approved by the Executive Director in Fayette, Madison and Clark Counties on the Authority owned rail line. The terms of the ORDC Loan shall be determined by the Executive Director of ORDC.

The ORDC Grant and Loan are subject to the following conditions:

1. The Authority must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.

2 The Authority shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

3 In the event the total cost of the Rail Service Project is less than Six Hundred Fifty Thousand Dollars ($650,000), then the amount of the ORDC Loan and Grant shall be reduced on a dollar per dollar basis.

PROJECT BRIEFING:
MAUMEE & WESTERN RAILROAD
DEFIANCE YARD, PHASE II & SELECT TRACK REHABILITATION

September 4, 2008

Project Costs		Project Benefits
* ORDC Grant	up to $225,000	* Up to 180 New Carloads in Defiance Yard
* MAW Investment	up to $75,000	* $54,000/yr. Savings in Derailments, Crew Cost, & Per Diem; Reduced Trucking

INTRODUCTION: The Maumee & Western Railroad requests up to $225,000, or 75% of project costs, in order to: 1) continue to upgrade its main yard in Defiance, 2) correct a severe drainage problem between MP 49.7 and MP 49.95 in Defiance; and 3) repair MP 45.5 to MP 46.65 at Jewell just east of Defiance.

BACKGROUND

Overview of MAW Line: The MAW serves approximately 53 miles of rail lines between Woodburn, Indiana and Liberty Center Ohio. Of these 53 miles, approximately 50 are in Ohio. The map included as Exhibit "A" shows the MAW system and connections. MAW interchanges with Norfolk Southern at Woodburn and with CSX at Defiance. The line between MP 63.2 east of Cecil and MP 55 near Defiance, however, is out of service so that rail users east of Defiance do not have direct access to NS interchange and shippers west of Cecil do not have direct access to CSX interchange. The recent reinstallation of double diamond crossings at Defiance by CSX will facilitate the connection of the two MAW service islands but investment in the line from MP 63.2 to MP 55 will still be needed.

The MAW acquired the line in December, 1997 from the Norfolk & Western Railroad as a result of the bankruptcy proceedings for the Indiana Hi-Rail Railroad which had been leasing the line at the time of its bankruptcy. The acquisition took place with the help of a $1.2 million loan from the ORDC. This loan has been fully repaid. The MAW inherited deferred maintenance problems along with the problems of operating heavy freight mostly on light, 80 lb. rail, and operating on sections of track in an area formerly called the Black Swamp. The out of service portion of the line is largely located in the Black Swamp area.

The MAW is strategically located along US 24 on the "Fort to Port" highway which connects Fort Wayne with Toledo. The Ohio Department of Transportation is in the process of making the Ohio portion of US 24 a four-lane highway but is many years away from completing the project. There are many industrial development sites along the MAW served on one side by US 24 and on the other by the MAW. In addition, the MAW serves two large industrial parks at Napoleon, two large industrial parks in Defiance, and smaller industrial parks in Antwerp and Woodburn, Indiana just over the Ohio border.

The MAW line has been generating an average of 3,269 carloads of traffic a year for the last three years. There are 24 customers served by the MAW, 15 of which have been active rail user in the last three years. Major customers include Antwerp Equity, Johns Manville, Jewell Grain, Cloverleaf, Interstate Cold Storage, Systech, Glenn Hunter, and Ag Plus. MAW rail users are primarily in the agricultural industry (outbound grain & inbound fertilizer), the food processing and warehousing businesses (various food products), and the manufacturing industry (various steel, plastic, cement, chemical, and building products).

Poor track condition is preventing the MAW from adequately taking advantage of the economic development opportunities along the line. It is a "chicken or egg" situation wherein more rail carload business is needed to raise the money needed to rehabilitate the track, but good track is needed to effectively increase service so that more carloads can be generated.

Not surprisingly, the MAW's bottom line has suffered because poor track increases operating costs. The line has been marginally profitable in the last three years. Still, MAW invests more per mile operated in maintenance than its level of net profits per mile operated.

Recent ORDC Projects, I: In March, 2004, ORDC approved a $168,405 grant matched by a MAW investment of $45,054 to repair several portions of the MAW line. Track work has been completed at the following locations: Okolona (MP 40) to Jewell (MP 47); at Defiance (MP 47 to MP 50); near Cecil (MP 67 to MP 69); near Antwerp (MP 74 to MP 76); and at Napoleon (MP 33.6)

Recent ORDC Projects, II: The line from just east of Napoleon (MP34) to Liberty Center (MP 28) had been out of service but the MAW put it back in service with the help of a $206,000 loan ORDC approved in March, 2004. MAW is in good standing on repayment of that loan which will be fully repaid by 2012.

Recent ORDC Project, III: The Phase I ORDC project hit several of the worst parts of the MAW track between Defiance (MP 51) and the outskirts of Napoleon (MP 34). The Phase III project in 2005 augmented and complimented the Phase I work by installing 2,215 ties between MP 51 and MP 34 and 845 ties between MP 64 at Cecil and MP 75.6 at the Indiana State Line. ORDC provided a $120,000 grant for this work.

Recent ORDC Project, IV: In March 2008, ORDC approved a $150,000 grant to pay 50% of the costs to upgrade select tracks in the MAW's main yard in Defiance to improve its overall usefulness, including the start of a small transloading operation to serve two customers, Campbell and Arps Dairy, and to serve a major customer, Johns Manville, which is located right next to the Defiance Yard and needs to be able to use heavier cars. This March 2008 grant, also went toward the repair of a MP 42 to MP 43, a very key segment on the MAW line between Defiance (MP 51), where MAW and CSX interchange, and Napoleon (MP 36) where there are several significant rail users.

Current Situation: Recent problems have severely hurt the viability of the MAW operations causing significant losses. A major trouble spot on the line, the area with the most significant derailments, lies between MP 45.5 and 46.65. Another major problem along the line where there has been a major and costly washout due to drainage problems lies between MP 49.7 and 49.95. This drainage issue in part results from the City of Defiance directing storm water flows into the MAW ditch line. The repair of these two key spots is critical to the continued operations of the MAW.

Not all news is bad on the MAW however. The joint ORDC/MAW project from March of this year to improve the MAW's Defiance Yard is underway and will soon be yielding new carloadings from both transloading and for direct service to Johns Manville. That project is improving about 1,400 feet of the Defiance Yard including some turnouts and the addition of some new rail.

In addition, the MAW has recently reworked its financial status to eliminate some covenants which had precluded some financing options.

PROJECT DESCRIPTION: The project consists of three parts: 1) the Phase II expansion of the Defiance Yard project to upgrade the "Canada" track and adding overall about 630 feet of track improvements to the

Phase I project, including improving the approach to the bridge at the east end of the yard; 2) the repair of MP 45.5 to 46.65 to include 2,050 ft. of new rail, 1,350 new ties, 1,422 tons of ballast, the rebuilding of a grade crossing, and other related work; and 3) ditching, ties, and ballast from MP 49.5 to MP 49.7 to repair drainage damage in conjunction with the City of Defiance. A complete listing of the track work to be performed is included as Exhibit "B" herein. The MAW will perform some work tasks such as distribution of materials itself, and contract out for the rest of the work. MAW will be responsible for continued maintenance.

WHY ORDC FUNDING IS NEEDED: The MAW does not yet generate sufficient net revenue to have the funds needed to handle all of the deferred maintenance issues on the line.

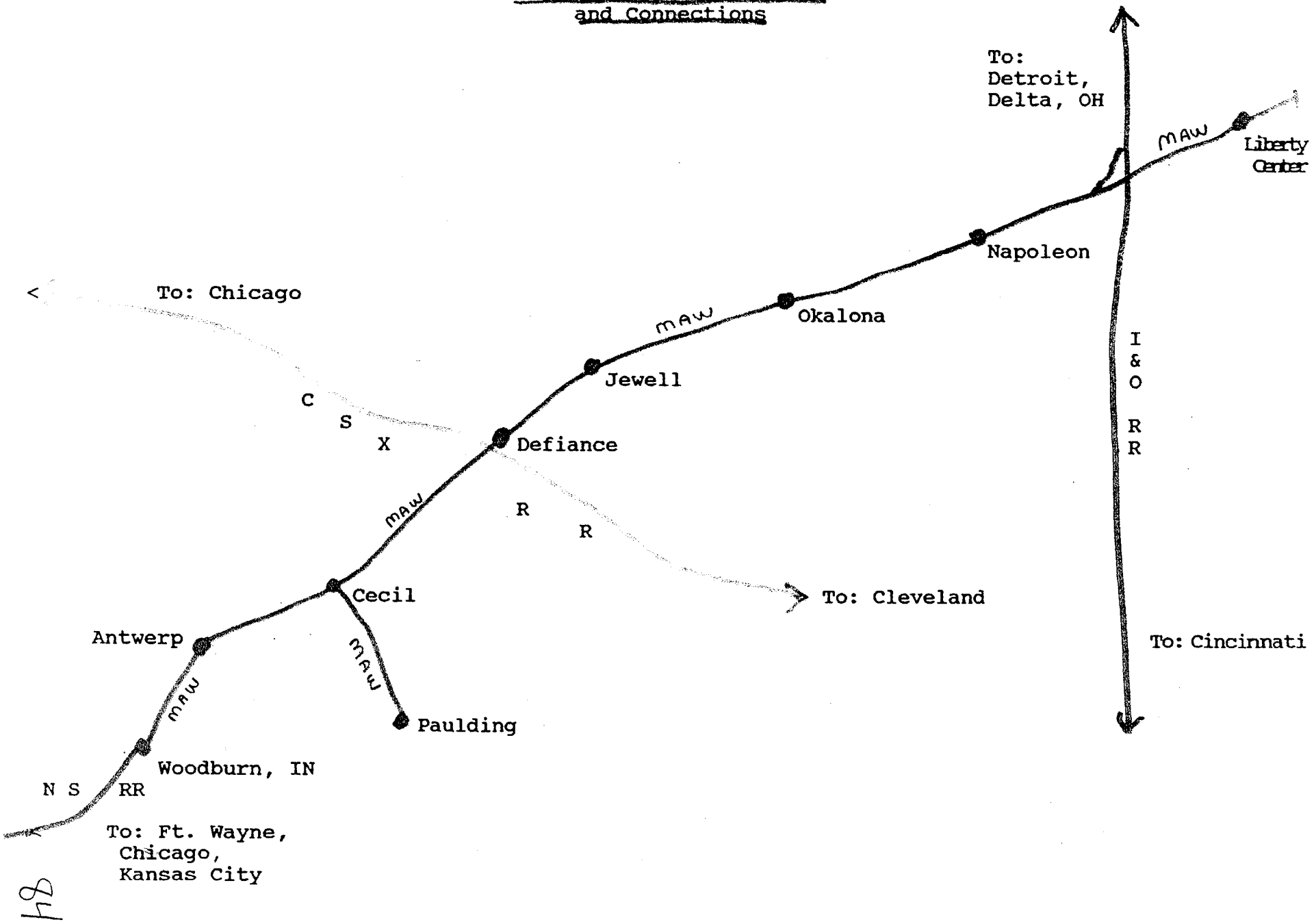
PROJECT BENEFITS:

- Repairs major washout area.
- Repairs major derailment area.
- Adds capacity to handle 286,000 lb. cars in Defiance Yard with possible increase of up to 180 new carloads of traffic a year for new off line customers such as American Ag Fuels and Pontiac Logistics.
- Reduces derailment costs, reduces delays resulting in reduced crew costs, reduced per diem for shipper whose cars are delayed by derailments, reduces trucking on highway resulting in highway maintenance savings, and other efficiencies which in total add up to about $54,000 per year.

SPECIAL CONTINGENCIES: 1) ORDC has provided a series of small grants narrowly focused on small portions of the overall MAW line. With the overall track condition on the MAW being poor, it will take more than a series of small projects to make significant progress toward returning the line to a condition where it can handle existing traffic as well as substantial potential new traffic. Before ORDC pursues any more grant funding beyond the projects recommended herein, the MAW needs to make good faith efforts to investigate significant long term financing such as that provided by the Federal Railroad Administration "Railroad Rehabilitation and Improvement Financing" (RRIF) Program. 2) ORDC funding for the repair of the washout area is contingent upon the City of Defiance adequately remediating its drainage so that no undue flow of local water runs off into the MAW ditches near MP 49.

W:FY2009CommissionBriefingsMAWDefianceETC

Maumee & Western Railroad and Connections



48

A-

Work Task Item	Work Task Cost	Unit Costs
MP 45.5-46.65 Rehab and Upgrade Project:		
Furnish 2050 tf 100# or105# rail	$ 55,965.00	$780/ton
Install 2050 tf 100# or105# rail	$ 12,607.50	$6.15/tf
Furnish matching joint bars	$ 2,318.75	$18.55 set
Furnish and install matching tie plates.	$ 12,940.20	$4.55/ea.
Furnish 4 sets comp bars	$ 840.00	$210/set
Furnish & Install 1350 6"x8" ties	$ 94,500.00	$70/tie
Furnish & Install 72 -7"x9" ties	$ 5,328.00	$74/tie
Furnish & install 1422 tons ballast	$ 33,701.40	$23.70/ton
Re-build crossing CR 176	$ 11,400.00	n/a
Surface 3080 tf	$ 3,927.00	$1.275/tf
Sub-total	$232,687.85	
Defiance Yard Project:		
Furnish & Install 300 6"x8" ties	$ 21,000.00	$70/tie
Install 330 tons # 4 ballast	$ 7,821.00	$23.70/ton
Surface 260 (2 passes) yard east bridge approaches	$ 633.00	$1,275/tf
Surface 538 tf in yard	$ 685.95	$1.275/tf
Sub-total	$ 30,139.95	
MP 49.7-49.95 Drainage and Track Rehabilitation:		
Clean and re-ditch both ditch lines 1340+'	$ 11,900.00	$9.02/ft
Furnish and Install 226 new 6"x8" crossties	$ 15,820.00	$70/tie
Furnish and install 226 tons New #4 rock ballast	$ 5,256.20	$23.70/ton
Surface, align & dress 452 tf	$ 573.75	$1.275/tf
Sub-total	*$ 33,549.95*	
Grant Total	**$296,377.75**	

RESOLUTION 08-16

RE: MAUMEE & WESTERN RAILROAD DEFIANCE YARD PHASE II AND SELECT TRACK REHABILITATION GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE MAUMEE & WESTERN RAILROAD UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the Maumee & Western Railroad (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
_____ for Director Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 9/11/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 9/11/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A grant in an amount of up to Two Hundred Twenty Five Thousand Dollars ($225,000) (the "ORDC Grant") for the purpose of the rehabilitation of track for the expansion of the Company's Defiance Yard to upgrade the "Canada" track and to add approximately 630 feet of track improvements, including improving the approach to the bridge at the east end of the yard; the repair of MP 45.5 to 46.65 to include 2,050 ft. of new rail, 1,350 new ties, 1,422 tons of ballast, the rebuilding of a grade crossing, and other related work; ditching, ties, and ballast from MP 49.5 to MP 49.7 to repair drainage damage in conjunction with the City of Defiance (the "Rail Service Project"); and other related work as approved by the Executive Director, as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the City of Defiance in Defiance County, Ohio.

The ORDC Grant is subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2. ORDC shall not offer any any additional grant funding to the Company beyond the current Rail Service Project until the Company makes a good faith effort to investigate significant long term financing to the satisfaction of the Executive Director of the ORDC.

3. Monies for the repair of the washout area are contingent upon the City of Defiance remediating its drainage to the satisfaction of the Executive Director of the ORDC so that no undue flow of local water runs off into the Company ditches near MP 49.

PROJECT BRIEFING:
RJ CORMAN WESTERN OHIO LINES
BRIDGE IMPROVEMENTS & TRACK WORK

September 4, 2008

Project Costs	
* ORDC Grant	$163,070
* RJC Investment	$163,070

Project Benefits

* **Lines with 25 Shippers Employing Over 3,000 People Improved**
* **Maintains Efficiencies of 25 MPH Operations**

INTRODUCTION: The RJ Corman Railroad (RJC) requested $163,070 in ORDC grant funds to address: 1) bridge approaches, deck replacement and concrete repairs on three bridges (MP 55.5, 61.9, 66.4) on its Lima to Glenmore (Spencerville-Elgin, or SPEG) line; 2) bridge deck replacement on three bridges (MP 98.2, 109.6, & 109.7) on its Lima to Coldwater "St. Mary's" line in western Ohio; and 3) cross tie replacement (2,000 ties) at various points along its St. Marys line between MP 95 and MP 127 and along the SPEG line from MP 54 to 62. ORDC staff recommends that ORDC provide a grant of up to $163,070, or 50% of project costs, whichever is less, to make the needed improvements with the RJC providing the matching funding.

BACKGROUND

Overview of RJC Western Ohio Lines: The RJC Western Ohio Lines include: 1) the so-called "St. Mary's" lines, i.e. the contiguous lines from Lima to St. Mary's to Celina (25 miles), and Celina to Fort Recovery (16 miles); 2) the "Minster Branch" St. Marys to Minster (10 miles); 3) the Lima to Glenmore "Spencerville-Elgin" or SPEG line (30 miles), and 4)the Ansonia to Greenville line (12 miles). The attached map included as Exhibit "A" shows the RJC Western Ohio system.

RJC owns the Lima to Celina line. It leases the line from Celina to Fort Recovery from NS, and the branchline from St. Marys to Minster from a local port authority, the Western Ohio Rail Authority (WORA). The WORA lease is a long term lease. RJC acquired the Lima to Fort Recovery line from Norfolk Southern in 1993 and the WORA St. Mary's to Minster Line soon after. RJC operates the two line segments of the St. Mary's line and Minster branch as one unit. This RJC unit connects to NS and CSX in Lima, and to NS in Portland, Indiana. The Portland interchange is via overhead trackage rights on NS from Fort Recovery to Portland.

RJC is the sub-lessee on the SPEG line. The Allen and Van Wert County Port Authorities own their respective portions of the SPEG line and lease operations to Mercer Landmark, the major rail user on the line which has its major grain elevator and fertilizer plant at Elgin. Mercer Landmark in turn sub-leases the line to RJC for operations. The SPEG connects to both NS and CSX in Lima.

RJC owns outright the Greenville line. It connects only with CSX.

Rail Traffic: Overall, the RJC Western Ohio lines generated 4,274 (2005), 4,541 (2006), and 3,648 (2007) carloads respectively for the last three years. On average, this equates to about 45 carloads for every mile of operation. About 70% of the business on the Western Ohio Lines is agricultural in nature. The St. Mary's and Minster lines accounted for the majority of this traffic. For example, in 2007, the two SPEG line users generated 918 cars of traffic and Greenville users generated 444 carloads with the rest of the Western Ohio traffic, 2,286 cars, coming off the St. Mary's and Minster lines. (With the Andersons Ethanol plant now on the Greenville Line, the carloadings for that line will increase tremendously.)

RJC reports that its overall expenditures for maintenance per mile exceed its net revenue per mile on the Western Ohio lines.

Past ORDC Projects On Western Ohio Lines: In 2004, ORDC provided RJC a $259,722 grant to help with track upgrades on the St. Marys line from Lima to Celina. In 2005, ORDC provided RJC a grant of $148,000 to help rehabilitate the Minster Branch. These projects were in response to requests for over $2 million in long term needs.

PROJECT DESCRIPTION: RJC plans on the following bridge and track repairs on the St. Mary's and SPEG lines:

RJC Western Ohio Bridge & Tie Projects

Location	Work Needed	Estimated Costs
MP 55.5 SPEG	Concrete Repairs, Bearing Blocks, Piers	$25,000
MP 61.9 SPEG	Concrete Repairs, Bearing Blocks, Piers	$25,000
MP 66.4 SPEG	28 Bridge Ties, 40 Approach Ties	$16,640
Sub Total		$66,640
MP 95 to127	2,000 Cross Ties St. Marys & SPEG	$132,000
Sub Total		$132,000
MP 98.2 St. Mary	41 Bridge Ties	$20,500
MP 109.6, St. Mary	58 Bridge Ties	$29,000
MP 109.7 St. Mary	156 Bridge Ties	$78,000
Sub Total		$127,500
Grand Total		$326,140

The cross ties on the St. Marys line are needed to eliminate slow orders and keep track speeds at 25 MPH. Keeping track speed up is important to keep operating hours down to promote cost effective service. Most of the ties on the St. Marys line will be installed from MP 109 to MP 111 and from MP 121 to MP 127. For the SPEG line, the ties will primarily be installed between MP 54 to MP 55, MP 58 to MP 59, and MP 61 to MP 62. RJC will contract some of the work out and do some with its own forces. RJC will be responsible for maintaining the improvements.

WHY ORDC FUNDING IS NEEDED: RJC has postponed most of the project work for several years because the cash flow from the St. Marys and SPEG lines has not been adequate to fund all the needed track work. ORDC funding will ensure that needed projects get done in a timely manner.

PROJECT BENEFITS

- The improved bridges and track will enhance rail service to the area's agricultural industry and help keep rail service to 25 customers along the lines employing over 3,000 people.
- The RJC Western Ohio lines serve 14 industrial parks of various sizes.
- Keeping operations at 25 MPH helps prevent a cycle of increasing costs due to extra hours of operation which results in less revenue for use to repair tracks to adequate speeds. Past RJC estimates of the efficiencies of 25 MPH operations compared to 10 MPH operations indicate that RJC costs would rise by over $200,000/yr for the entire Western Ohio system if track speeds dropped to 10 MPH for the 82 miles operated on the SPEG, St. Marys, and Minster lines.

OTHER CONTRIBUTIONS: RJC will provide 50% of the funding.

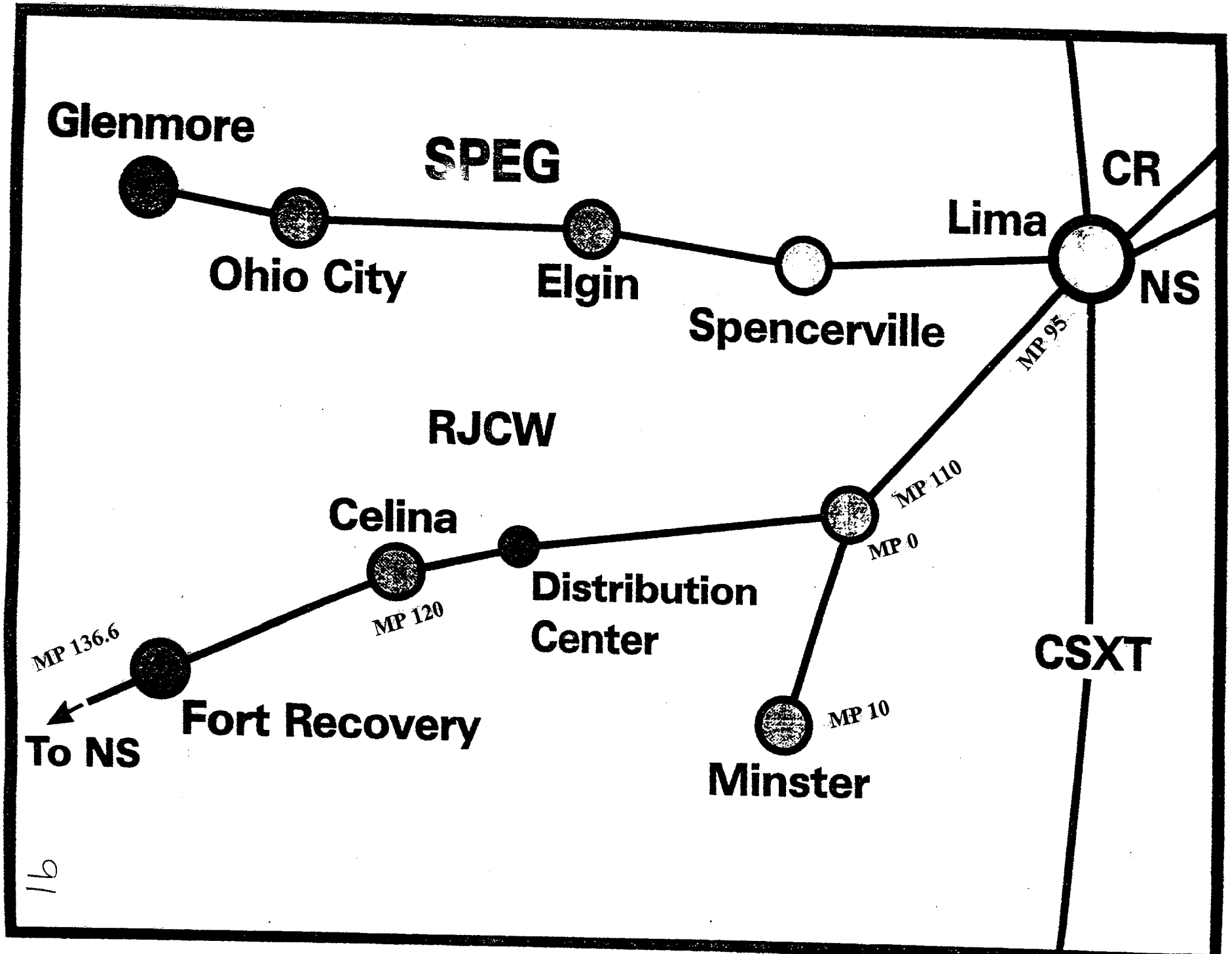

Glenmore
SPEG
CR
Lima
Ohio City
Elgin
NS
Spencerville
MP 95
RJCW
MP 110
Celina
MP 0
Distribution
Center
MP 120
MP 136.6
CSXT
Fort Recovery
MP 10
To NS
Minster

EXHIBIT "A"

RESOLUTION 08-17

RE: RJ CORMAN RAILROAD BRIDGE IMPROVEMENTS AND TRACK REHABILITATION GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE RJ CORMAN RAILROAD UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the R. J. Corman Railroad (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
_____ for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 9/11/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 9/11/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A grant in an amount of up to One Hundred Sixty Three Thousand Seventy Dollars ($163,070) (the "ORDC Grant") for the purpose of the rehabilitation of three bridges on the Company's Lima to Glemore and Spencerville-Elgin ("SPEG") rail lines at MP 55.5, 61.9 and 66.4 including bridge approaches, deck replacement and concrete repairs; rehabilitation of three bridges on the Company's Lima to Coldwater ("St. Mary's") rail line at MP 98.2, 109.6 and 109.7 including bridge deck replacement; and the replacing of approximately 2, 000 ties between MP 95 and MP 127 along the St. Mary's rail line and between MP 54 and MP 62 along the SPEG rail line (the "Rail Service Project"), and other related work as approved by the Executive Director, as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the Counties of Auglaize, Mercer, Van Wert and Allen, Ohio.

The ORDC Grant is subject to the following condition:

The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

APPROVED PROJECT BRIEFING:
ASHLAND RAILWAY BRIDGE DECK REPLACEMENT

September 4, 2008

Project Funding		Project Benefits
* ORDC Grant	$50,000	* Improves Safety
* ASRY Funds	$50,000	* Repairs Occur Sooner
		* Positively Impacts 6 Shippers

INTRODUCTION: Ashland Railway, Inc. (ASRY) requests a grant of up to $50,000 for the replacement of the deck and walkway on Bridge 259.94 between Mansfield and Ashland on its Mansfield to West Salem line. ORDC would grant up to $50,000 for repairs, or 50% of total costs, whichever is less.

BACKGROUND

Brief History of ASRY: ASRY started operations in 1986 on a 31.5 mile long line owned by the Community Improvement Corporation of Ashland between Mansfield & West Salem. ODOT Rail had helped the CIC purchase the line from Conrail with an $840,000 grant, a 60% share of purchase costs. The $560,000 local share was paid by shippers who were reimbursed by ASRY. In 1997, ASRY purchased the 26.4 mile long line from Mansfield to Willard from CSX. ORDC loaned ASRY $877,827 to make this purchase. (ASRY fully repaid the loan.) Subsequently, ASRY purchased the CIC portion of the line and now owns both the Mansfield to Willard and Mansfield to West Salem legs. A map of the ASRY lines is included as Exhibit "A".

ASRY connects to CSX in its major classification yard in Willard, to NS in Mansfield, and to the Wheeling & Lake Erie in Plymouth. Its major yard is in Mansfield.

In the early days of its operations, ASRY was a marginal branchline, serving Ashland and West Salem shippers which generated about 1,200 cars of traffic a year. ODOT Rail had helped ASRY on its W. Salem operations with rehabilitation grants in 1989 ($141,510) and 1990 ($164,979). In 2001, ORDC provided $250,000 in grant assistance on a W. Salem leg rehabilitation project. All State grants were matched by an ASRY share.

ASRY has built both legs of its operations to a very substantial business. For the three year period from 2005 to 2007, ASRY averaged 14,809 carloads of traffic a year, or about 247 cars per mile of operations. Its major customers are AK Steel and Omni in Mansfield. In all ASRY serves 14 customers on its lines. ASRY has continually upgraded its yards in Mansfield. ORDC helped in 2004 with a $500,000 loan to help ASRY repair 4,500 ft. of track in its Mansfield yard. (ASRY continues to be on time with its loan repayments.) ASRY and ORDC have been in discussions about loan financing to add trackage in the Mansfield yard as well as along a Mansfield siding called the "Prison" siding.

Continuing Issues on West Salem Leg of ASRY: While the overall operations on the ASRY line are strong, the West Salem leg continues to be a branchline operation. Traffic generated on the ASRY W. Salem branch outside of Mansfield remains marginal. ASRY serves 6 customers in Ashland and West Salem which generated an average of 1,173 carloads a year between 2005 and 2007. This equates to about 40 cars per mile of operations on the W. Salem leg.

PROJECT DESCRIPTION: The bridge at MP 259.94 of the West Salem leg, located between Mansfield and Ashland, is in need of repairs. The bridge itself, a 161 ft. long through truss structure over the Black Fork of the

Mohican River, is basically sound but the deck on the single track needs to be replaced in the near future. In all, the bridge needs the following work:

Bridge 259.94 Repair Needs and Estimated Costs

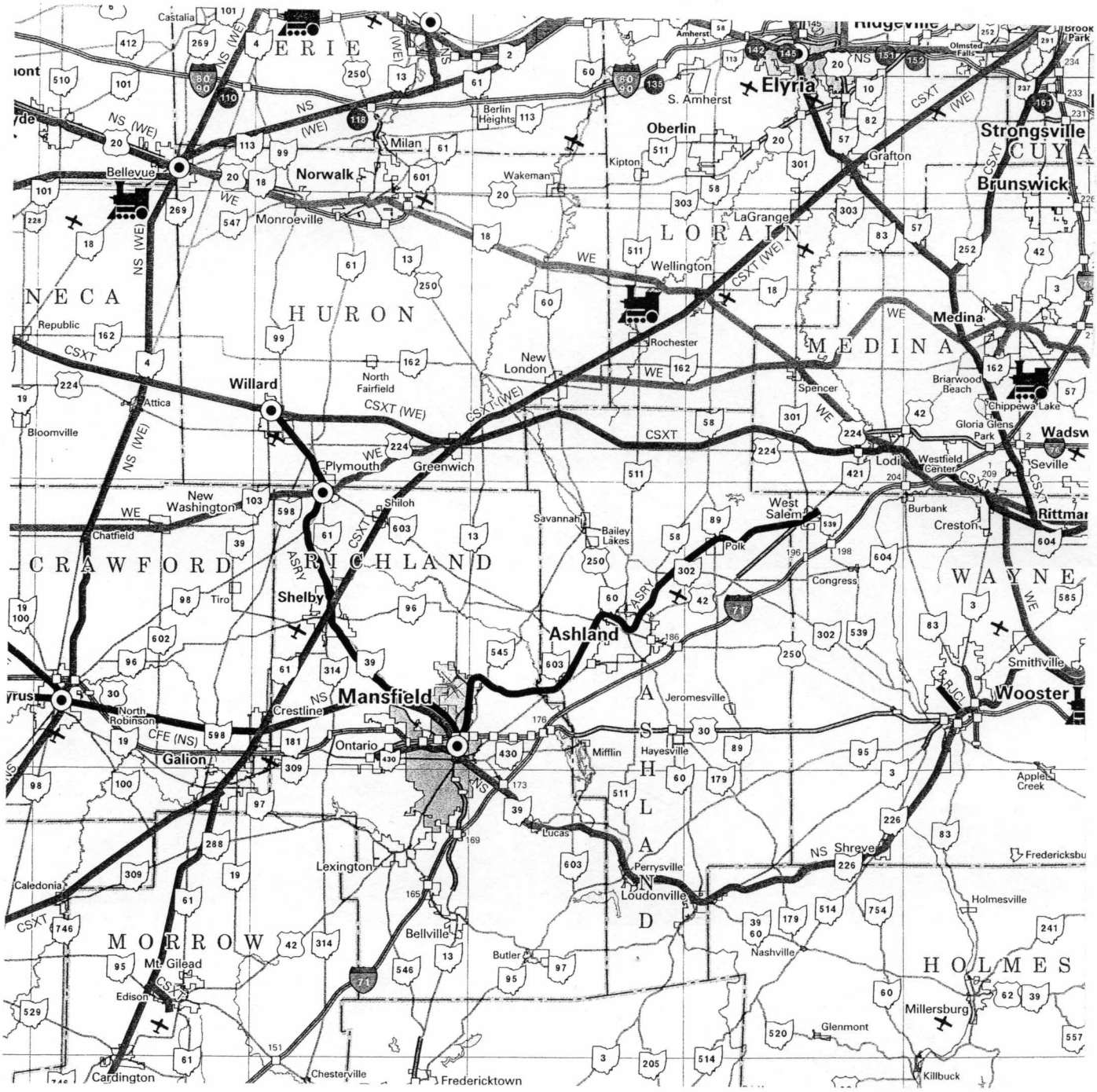
129 Deck Timbers	**$450 ea.**	**$58,050**
161 ft. Timber Guard	**$50 /ft.**	**$8,050**
Surface & line 300 ft. approaches	**$20/ft.**	**$6,000**
80 tons ballast installed	**$35/ton**	**$2,800**
50 7" X 9" ties on approaches	**$110 ea.**	**$5,500**
Rebuild 195 ft. of track	**$65/ft**	**$12,675**
Timber Walkway	**Lump**	**$6,000**
Total		**$99,075**

WHY ORDC FUNDING IS NEEDED: ORDC funding will help ASRY repair an important bridge on a marginal portion of its operations in a timely manner.

PROJECT BENEFITS: Continued safe and efficient service to 6 rail users.

OTHER CONTRIBUTIONS: ASRY will match ORDC funding.

W:FY2009BriefingsASRYBridge


ERIE
HURON
LORAIN
MEDINA
WAYNE
RICHLAND
CRAWFORD
MORROW
HOLMES
ASHLAND
Elyria
Oberlin
Strongsville
Brunswick
Grafton
Medina
Norwalk
Bellevue
Willard
Plymouth
Shelby
Ashland
Mansfield
Wooster
Galion
Lexington
Loudonville
Millersburg
Wellington
Rochester
Milan
Monroeville
Berlin Heights
Kipton
Wakeman
LaGrange
New London
North Fairfield
Republic
Attica
Bloomville
New Washington
Chatfield
Tiro
Shiloh
Savannah
Bailey Lakes
Polk
West Salem
Burbank
Creston
Rittman
Seville
Lodi
Westfield Center
Spencer
Briarwood Beach
Chippewa Lake
Gloria Glens Park
Wadsworth
Congress
Smithville
Apple Creek
Fredericksburg
Holmesville
Jeromesville
Hayesville
Mifflin
Ontario
Crestline
North Robinson
Caledonia
Mt Gilead
Edison
Cardington
Chesterville
Fredericktown
Bellville
Butler
Lucas
Perrysville
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Nashville
Glenmont
Killbuck
Amherst
S. Amherst
Olmsted Falls
Castalia
Republic
Huron
Seneca
CSXT
CSXT (WE)
NS
NS (WE)
WE
ASRY
CFE (NS)

Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

September 11, 2008

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **ASHLAND RAILWAY BRIDGE DECK REPLACEMENT** and dated September 4, 2008 as described in that briefing.

Matthew R. Dietrich
Executive Director

Jolene M. Molitoris
Chairwoman

Approved Project Briefing:
Camp Chase Railroad Company Phase III Rehabilitation Grant

September 4, 2008

Rail Project Funding		Project Benefits
* ORDC Grant	$100,000	* Improves RR Efficiencies
* Camp Chase Funds	$100,000	* Reduces Derailments
		* Preserves Unit Train Service for Elevator
		* Enhances Service to Development Sites

INTRODUCTION: The Camp Chase Railroad Company (Camp Chase), requests $100,000 grant to conduct the Phase III track rehabilitation (the installation of 2,273 7" X 9" ties) for 10.7 miles (MP 144.7 to MP 155.4) of its 14 mile long railroad (MP 141.4 to MP 155.4).

BACKGROUND

Line Description: The Camp Chase acquired the Conrail Camp Chase Industrial Track in 1994. The Camp Chase includes 14 miles of track from Valleyview on the near west side in Columbus (MP 141.4), where the line connects to the Norfolk Southern Columbus to Cincinnati mainline, through Galloway out to Lilly Chapel in Madison County (MP 155.4). Attached herein as Exhibit "A" is a location map.

At its inception and for many years after, the Camp Chase interchanged directly with Norfolk Southern (and Conrail, the predecessor to NS on the Columbus to Cincinnati line) via an interchange track at the NS – Camp Chase junction. NS physically handled any CSX cars to and from the Camp Chase through an NS intermediate switch move in and out of CSX' Parsons Yard. Recently, Camp Chase was able to improve its interchange with NS by obtaining rights to get into NS' Buckeye Yard for interchange. This also enabled Camp Chase to improve its interchange with both NS and CSX. By paying a switch fee, Camp Chase can interchange directly with CSX on a specified track in Buckeye Yard where CSX switching trains go daily. In addition, Camp Chase now interchanges with the Columbus & Ohio River Railroad in Buckeye under similar arrangements.

Most of the Camp Chase customer base is in the Columbus area between MP 141.4 and MP 144.7. Current Columbus area customers within these mileposts include: Sunoco (inbound ethanol), Con Agra Milling (inbound wheat, outbound flour), and Oxy Vinyl (inbound and outbound plastic resins). These rail users generate the overwhelming majority of the Camp Chase traffic, accounting for 3,734 cars in 2007 out of the total 5,037 total cars generated. The shippers on this segment employ 37 people.

The rail users on the rest of the line from MP 144.7 to 154.4 include the Columbus Dispatch (inbound newsprint), Royal Paper (outbound scrap paper), Windspeed Logistics (inbound plastic resins), UAP (inbound fertilizer) and Peavy Grain (outbound grain, inbound fertilizer). These rail users accounted for 1,302 carloads in 2007, most of which were generated by Peavy Grain. Peavy is located at the end of the line at MP 154.4 with the others being located between MP 144.7 and MP 147.8. The rail users on this segment employ 1,266 people, with the Dispatch making the overwhelming majority of the jobs.

The overall profitability of the Camp Chase line has improved significantly since it captured the ethanol traffic in 2006. However the profitability of the MP 144.7 to 154.4 segment of the railroad is still marginal. The entire 10 mile segment generates about 130 carloads per mile. And the last seven miles of track serves only one customer, Peavy Grain.

The railroad has invested more per mile of track than its total net revenues per mile of track in the last three years.

The Camp Chase is well situated for future economic development. It is proximate to major NS and CSX classification yards, Buckeye and Parsons, and is close to I - 70 and I - 270. The line serves 6 different greenfield development properties totaling 521 acres. It also serves several vacant industrial buildings including the recently closed Delphi plant in Columbus which has over 1 million square feet of space available.

2006 ORDC Track Rehabilitation Project: The new ethanol business at the Sunoco tank farm required significant Camp Chase investment. Camp Chase invested $1.6 million in the new rail spur and containment system needed to handle the ethanol traffic. In addition, the railroad began a long term $2 million project to rebuild its Avenue Yard at MP 144.3 near Sunoco to handle the 2,700 cars of ethanol a year. Work to improve Avenue Yard continues. ORDC had approved a $1 million loan for the work at Avenue Yard but it was in the railroad's best interest to proceed without the ORDC loan.

In 2006, Camp Chase and ORDC did partner to put 3,400 ties in between MP 144.7 and 155.4 with ORDC providing $150,000 and Camp Chase providing $100,000. These ties were primarily "safety ties" at joints and areas where track was particularly poor.

FY 2008 ORDC Track Rehabilitation Project: A March, 2008 ORDC grant of $150,000, matched dollar per dollar by Camp Chase, enabled the Camp Chase to perform Phase II of its MP 144.7 to MP 155.4 rehabilitation project. It eliminated the 3 MPH and 5 MPH slow orders. The ORDC grant was used to selectively upgrade the tie condition of the line on the 10.7 mile segment with the installation of 3,750 ties. All of the work from this March approved grant has been completed.

Current Overall Track Rehabilitation Needs: The Camp Chase line was a former New York Central mainline with good 127 lb. rail which was laid in 1951. The major physical problem with the line is that the tie condition has deteriorated. As a result, derailments caused by the ties not holding gage have been an issue. Derailment expenses for the entire line were $150,000 in 2007.

The line between MP 141.4 and 144.7 is in good Class I condition. The line between MP 144.7 and 155.4 now meets Class I minimum standards and but still has some sections in need of ties.

New Peavy Grain Business: The new Camp Chase, Columbus & Ohio River Railroad/Ohio Central interchange at Buckeye Yard will reap a major benefit for Peavy Grain. Peavy has started to supply corn to the new Altra Ethanol Plant (Coshocton Ethanol) located and served by the Ohio Central. However, the Camp Chase track between MP 144.7 and 155.4 needs more ties to continue to effectively handle this new traffic for the long term. In addition to new business opportunities, Peavy plans call for continued participation in the NS unit train program. The Phase I, II and now Phase III projects to install ties between MP 144.7 and 155.4 will provide a good track base needed to carry the requisite 75 car unit trains and 286,000 lb. cars.

PROJECT DESCRIPTION: The Camp Chase will conduct a competitive bid process to install these ties. Camp Chase plans on using new, 7" X 9" X 8'6" grade ties which will cost about $88 including installation. Camp Chase will be responsible for any costs over and above what ORDC can provide as well as the continued maintenance of the line including any needed lining and tamping after the project is completed. Total cost for the tie upgrade is estimated as follows:

2,273 ties X $88/tie = $200,000

WHY ORDC FUNDING IS NEEDED: The Camp Chase continues to retire a significant amount of debt from its ethanol spur project and continues to invest in its Avenue Yard project. The last 10.7 miles of the railroad continues to be only marginally profitable. ORDC funding is needed to maximize the amount of tie work the Camp Chase can do this year on the least profitable portion of its line.

PROJECT BENEFITS

The accumulative benefits of the Phase I, II, and III track projects are: 1) reduced crew time by 717 hours a year for unit train service; 2) reduced crew time for regular carload service by 1,400 hours per year; 3) reduced derailment expenses; 4) enable continued use of the entire line for 286,000 lb. rail cars; 5) better rail service to companies employing 1,266 people; 6) promote economic development to various sites along the 10.7 mile segment; and 7) promote increased business for Peavy Grain to serve the ethanol market while preserving its unit train business by improving train speeds and track conditions.

OTHER CONTRIBUTIONS

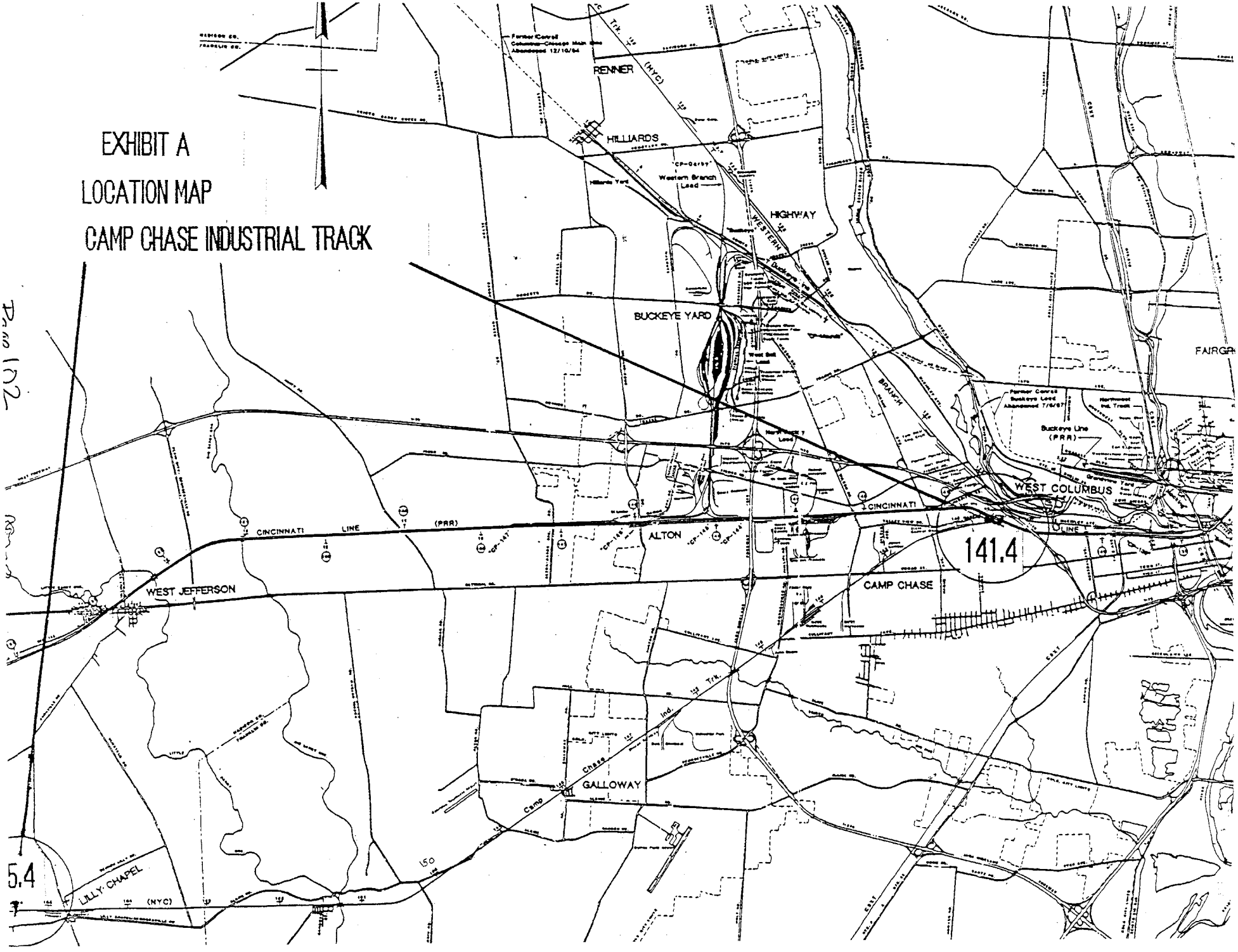
The Camp Chase will match ORDC grant funds dollar per dollar.

w:FY2009BriefingsCampChase

EXHIBIT A

LOCATION MAP

CAMP CHASE INDUSTRIAL TRACK



Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

September 11, 2008

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **CAMP CHASE RAILROAD COMPANY PHASE III REHABILITATION GRANT** and dated September 4, 2008 as described in that briefing.

Matthew R. Dietrich
Executive Director

Jolene M. Molitoris
Chairwoman

APPROVED PROJECT BRIEFING:
Ohi-Rail & PINEY FORK LINE BRIDGE DECKS, PHASE II

September 4, 2008

Project Funding		Project Benefits
* ORDC Grant, 2007	$42,924	* Preserves Service to Yard & All Shippers
* Ohi-Rail (to date)	$16,987	* Improves Safety of Ohi-Rail Operations
* DeNoon Lumber, 2007	$2,500	* Improves Efficiency of Ohi-Rail Operations
* ORDC Grant, 2009	$25,000	

INTRODUCTION: Ohi-Rail Corporation requests a $25,000 grant to complete a bridge repair project originally funded by ORDC in May, 2007. In May, 2007, ORDC approved a $42,924 grant to Ohi-Rail for the purpose of repairing six bridge decks and two bridge walkways on the Piney Fork line between Minerva and Amsterdam at MP 41.5, 44.9, 48.6, 49.8, 50.3, & 56.1. Ohi-Rail has completed work on two of these six bridges, MP 44.9 & 50.3. The present $25,000 ORDC grant will enable Ohi-Rail to complete work on three more bridges at MP 41.5, 48.6 & 49.8. The condition of the sixth bridge at MP 56.1 is tolerable enough to defer maintenance to a future date and this bridge is the least used and least needed at present.

BACKGROUND

Ohi-Rail Operations: Maps of the Ohi-Rail operations are included herein as Exhibit "A" (the Minerva Yard Area and Piney Fork Line) and Exhibit "B" (Overview of Ohi-Rail Operations in eastern Ohio). Ohi-Rail owns, or has operating rights over, approximately 42 miles of track and the Minerva Yard.

On Exhibit "A", ORDC owns a 1.47 mile long segment of track called the Pekin Branch as well as the "Piney Fork" line from just south of Minerva Yard (MP 43.5) to the end of the line at Hopedale (MP 77.5). Ohi-Rail has operating rights on all ORDC owned trackage shown. The Piney Fork is in service between Minerva and Amsterdam including one mile of the Wolf Run Branch. The Piney Fork is out of service between Amsterdam and Apex. The Ohio Central operates over the Piney Fork via a trackage rights agreement between the municipal solid waste facility at Apex and Carman/Pan where the Piney Fork connects to the Panhandle. The line is out of service between Pan and Hopedale where it connects to the W&LE.

On the rest of Exhibit "A", Ohi-Rail owns the 0.35 mile long Alliance branch, the 1.7 mile long Minerva Yard, the 0.30 mile long Horn Connecting Track, and the 2.8 mile long branchline between Minerva Yard and its interchange with Norfolk Southern at Bayard. ORDC has the right of first refusal to purchase this Ohi-Rail owned track. Exhibit "B" shows Ohi-Rail operations in eastern Ohio.

Ohi-Rail maintains one active interchanges, with NS at Bayard. In addition, Ohi-Rail could interchange with the W&LE at Hopedale at the south end of the Piney Fork, or near Minerva if out of service track were to be put back into service.

Ohi-Rail's business is composed of three basic elements, car storage, carload traffic, and transloading at Minerva Yard. Ohi-Rail has not shown a profit in several years but is paying off debt and developing new traffic, especially in Minerva Yard, to regain profitability.

Ohi-Rail Piney Fork Operations South of Minerva: On the ORDC owned Piney Fork, Ohi-Rail directly serves two active customers south of Minerva, DeNoon Lumber in Bergholz, and Lumber Services in Amsterdam. DeNoon has historically shipped a few dozen boxcars a year of finished lumber products out by rail but in the last year or so it has not used rail. DeNoon still plans on using the Ohi-Rail service for select movements of traffic and expects its rail use to slowly increase, about one car a month for the next year. The

Piney Fork between Bergholz and Amsterdam had been out of service until 2006. Lumber Services in Amsterdam now generates an occasional carload of inbound dimensional lumber. In addition, Ohi-Rail stores cars on the Piney Fork on the Wolf Run Branch, and at Watheys, Bergholz, and Phillips.

Ohi-Rail Operations in Minerva Yard and Minerva: Aluminum One is a new customer for Ohi-Rail which will receive about 30 inbound carloads in the next year. It is located on the ORDC owned Pekin Branch in Minerva. Jerico Plastics receives a handful of cars a year. It is located on the Ohi-Rail owned Alliance Branch in Minerva. Currently, Minerva Yard is the prime location for Ohi-Rail's car storage business. However, in the past, Minerva Yard was a very active place for the transloading of "auto fluff" bound for local landfills. Ohi-Rail expects to start handling the auto fluff traffic again soon. About 700 carloads of business a year are expected from this transloading operation.

Piney Fork Track and Bridge Conditions: With the light traffic on the line, the ORDC owned Piney Fork track is "Excepted". Excepted Track is the lowest class of track on which a railroad is allowed by the Federal Railroad Administration (FRA) to operate. Train speeds on Excepted Track are limited to 10 MPH. Hazmat traffic is severely restricted (maximum of 5 cars at a time) and passenger operations are altogether prohibited on Excepted Track.

Piney Fork bridges are inspected by qualified inspectors annually and are generally structurally sound. However, the decks on some Piney Fork bridges have not been repaired for decades and some are in need of immediate repair. The decks of these bridges have Excepted Track. Restrictions for Excepted Track on bridges are stricter than for track in general. No hazmat cars at all can be handled over Excepted Track on a bridge or a bridge approach.

What Happened with the ORDC 2007 Grant for Bridge Deck Repairs: ORDC's $42,924 in FY 2007 grant funds went to buy bridge timbers and related bridge repair materials. However, when Ohi-Rail tried to hire contractors to install the bridge materials, it discovered that the labor costs far exceeded the Ohi-Rail estimates. (Ohi-Rail estimates were based on actual bridge work done in neighboring Indiana.) The major factor which impacted the labor costs was the contractors' unwillingness to take on small projects in a strong rail construction market.

FRA inspectors visited Ohi-Rail operations several times after ORDC approved bridge funding in May, 2007 and requested that Ohi-Rail repair the bridge decks on bridges 44.9 and 50.3. FRA officials stated that they would be forced to close down operations over these bridges if repairs were not made. Ohi-Rail went ahead with the repairs at higher than estimated costs to keep the Piney Fork open to DeNoon and Lumber Services and to preserve car storage business at Whatheys, Phillips, Bergholz, and on the Wolf Run Branch. The materials required for the FRA mandated repairs were more extensive than originally planned. In effect, Ohi-Rail used the materials slated for the 44.9 and 50.3 bridges and well as bridge #56.1 for the repairs.

PROJECT DESCRIPTION: Materials purchased with ORDC grant funds are on hand and sufficient to repair one bridge deck on the Ohi-Rail owned portion of its operations at the north end of Minerva Yard at MP 41.5, and bridge decks on the ORDC owned Piney Fork at MPs 48.6, and 49.8. Ohi-Rail will contract out for the repairs of these three bridges. Ohi-Rail has committed to doing the three bridge repairs and to paying any labor costs exceeding the $25,000 grant. Ohi-Rail will be responsible for future bridge maintenance.

WHY ORDC FUNDING IS NEEDED: Without ORDC funding the bridge deck repair project would not be done threatening service to rail users on the ORDC owned Piney Fork line and the Ohi-Rail owned Minerva area trackage.

PROJECT BENEFITS

- All Ohi-Rail traffic for Ohi-Rail owned and ORDC owned tracks Ohi-Rail serves goes over the MP 41.5 bridge. The other bridges on the Piney Fork are essential for car storage at Berhgolz, Phillips, and the Wolf Run Branch as well as service to DeNoon and Lumber Services.
- Ohi-Rail profitability enhanced.
- Rail safety improved and chance of derailment reduced by eliminating Excepted Track on bridges and bridge approaches.

OTHER CONTRIBUTIONS

Ohi-Rail has contributing $16,987 to the project to date. DeNoon Lumber has contributed $2,500. Ohi-Rail has agreed to pay for any labor cost overages on the repair of the three bridges.

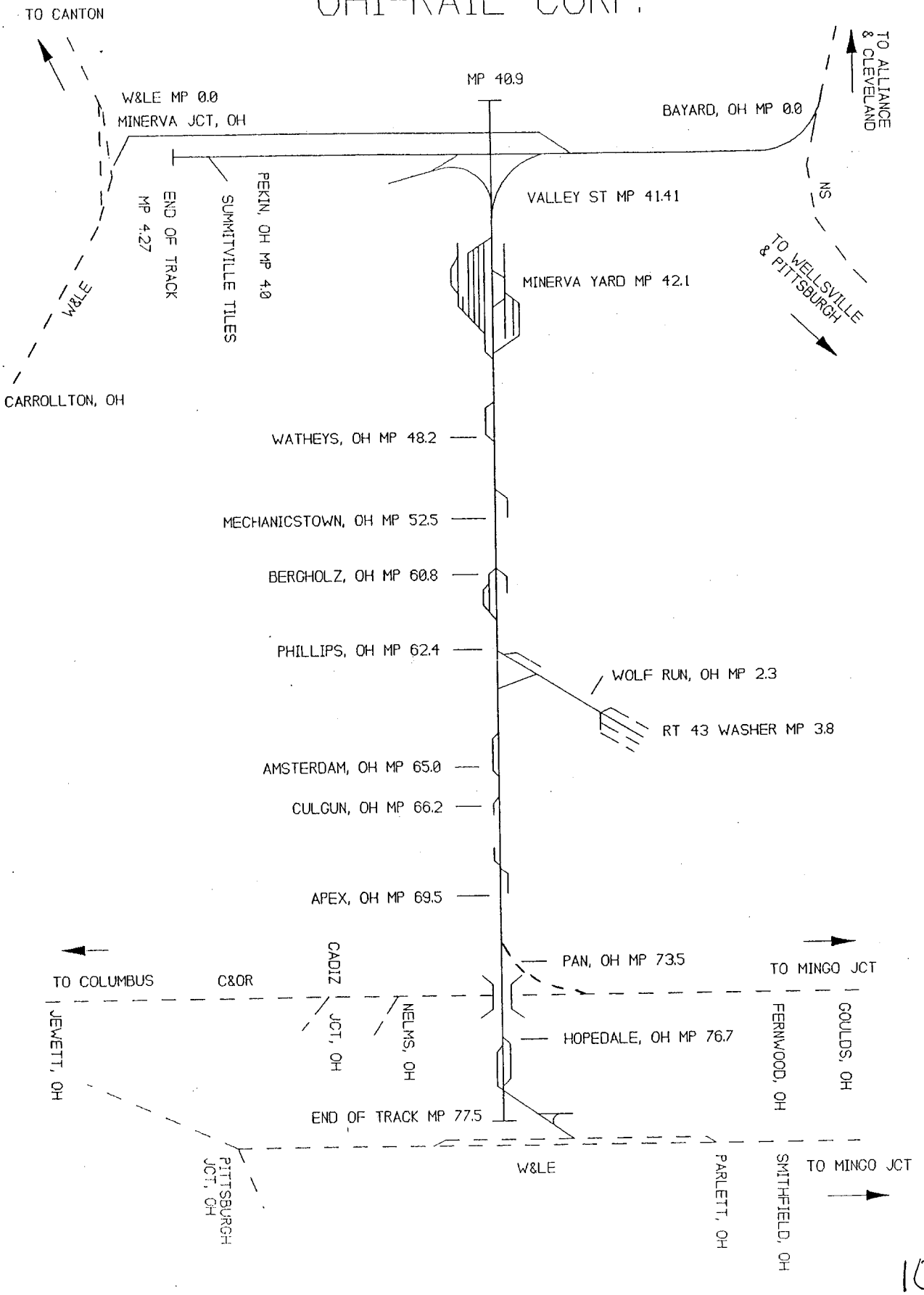
SPECIAL CONTINGENCIES

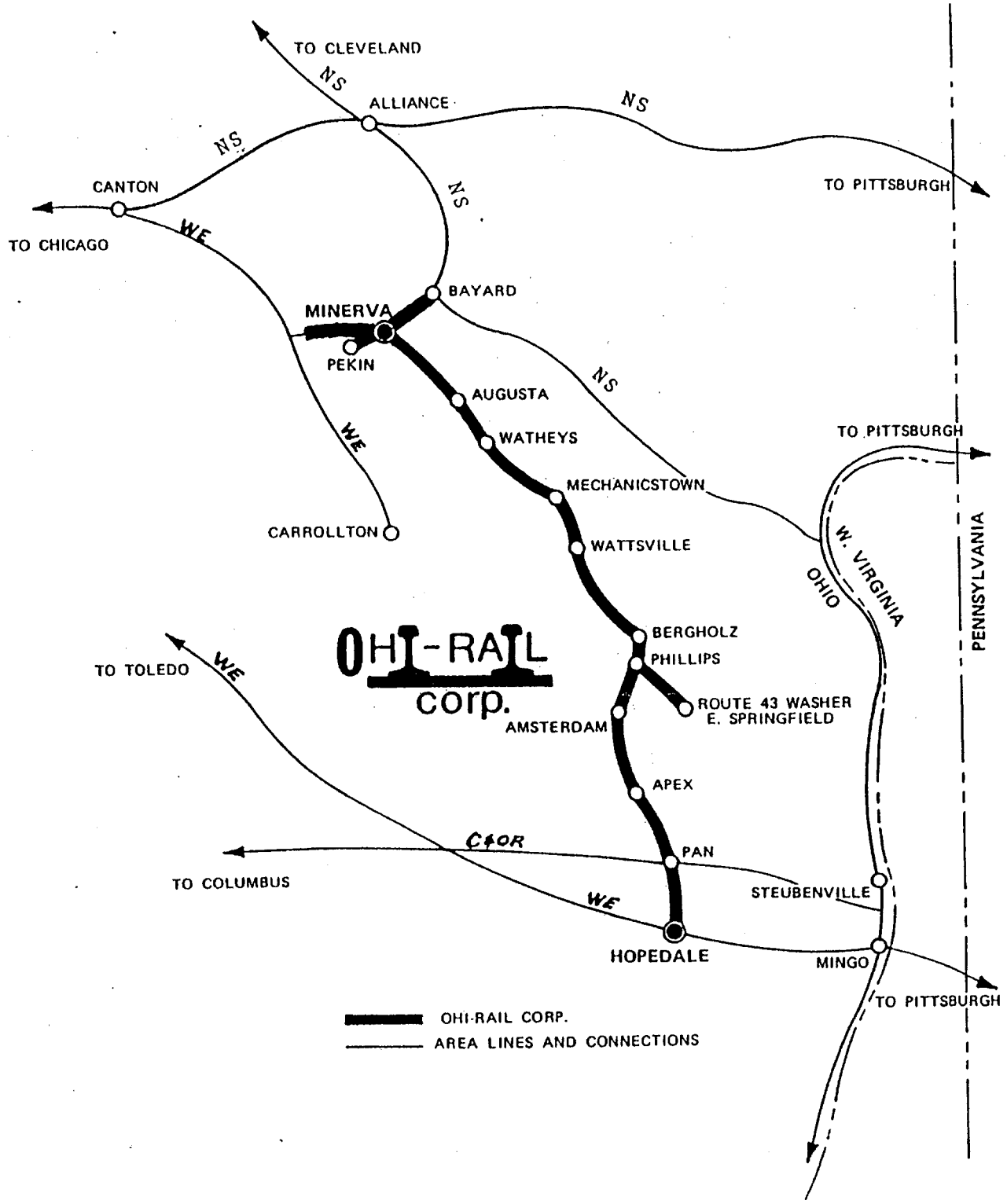
In the event that the Piney Fork Bridge Deck project comes in under cost, the Executive Director may stipulate that remaining ORDC funds be used to perform more work on the Piney Fork to enhance the value of rail service on the Piney Fork including but not limited to additional work on Piney Fork bridge decks and other track improvements.

W:PineyForkBridgesPhaseII

A

OHI-RAIL CORP.





Revisions:
5/17/90 (W&LE)
4/17/92 (C&OR)
11/08/93 (OHIC Bayard
6/01/99 (NS Merger)

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September 11, 2008

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **OHI-RAIL & PINEY FORK LINE BRIDGE DECKS, PHASE II** and dated September 4, 2008 as described in that briefing.

Matthew R. Dietrich
Executive Director

Jolene M. Molitoris
Chairwoman

	Grantee	Grant/ Loan Amount	Project Completion Date	Jobs Pledged	Carloads Pledged	Jobs 2007	Carloads 2007	Why Short	ORDC Comment / Recommendation
1	Tower Automotive 630 Southwestern Street Bellevue, OH 44811 Michael Jenkins	$50,000 (G)	3 yrs 2004 - 2007	C-100	150	183	697		Done - job and carloads met
2	McDermott Industries P.O. Box 307 McDermott, OH 45652 Vera & Carl Pertuset	$25,000 (G)	3 yrs 2004 - 2007	C-19 R-6	100	19	0	Use semi truck three days a week to haul wood products/ties, load on rail at Portsmouth	Payback half of grant or continue to monitor for another year
3	Art Iron, Inc. 860 Curtis Street Toledo, OH 43620 Paul Ravis	$75,000 (G)	3 yrs 2004 - 2007	C-10 R-110	100	140	0	Company increased and expanded facility capacity for receiving incoming rail shipment of structural steel.	Jobs met - reimburse ORDC half of grant for carloads ($30,375)
4	Haverhill North Coke Company **(Haverhill, OH facility)** 2446 Gallia Pike Franklin Furnace, OH 45629 Richard Justus	$25,000 (G)	3 yrs 2004 - 2007	C-50	500	73	18,164		Done - job and carloads met - Company has phase III rail
5	GK Packaging, Inc. 7680 Commerce Place Plain City, OH 43064 Robert Kellerman	$25,000 (G)	3 yrs 2005 - 2008	C-45 R-5	36	64	41		Job and carloads met - continue to monitor
6	Wellsville Intermodal Industrial Park (Columbiana County Port Authority) 1250 St. George Street East Liverpool, OH 43920 Tracy Drake	$717,000 (G)	3 yrs 2005 - 2008	C-140	975	45	103	Site is still under development by Buckeye Industrial Mining and Baard Energy to coal by rail transport.	Continue to monitor
7	Republic (N&T) Technologies Int'l 2633 Eight Street, N.E. Canton, OH 44704-3311 James Huff	$290,933 (G)	3 yrs 2005 - 2008	R-1,300	30,000	1,700	21,671	Flexcast facility is not yet in full operation.	Continue to monitor
8	Whirlpool Corporation **(Clyde, OH facility)** 150 Hilltop Road St. Joseph , MI 49085 Gregg Schweir	$75,000 (G)	3 yrs 2007 - 2010	R-3,000	500	105	0	Rail construction to be completed by 6/1/08.	Continue to monitor

Jobs/Carloads Pledged Report

	Tower Automotive		McDermott Indust		Art Iron, Inc.		Haverhill North Coke		GK Packaging, Inc.		Wellsville Intermodal		Republic (N&T)		Whirlpool Corp.	
	Jobs	**Cars**	**Jobs**	**Cars**	**Jobs**	**Cars**	**Jobs**	**Cars**	**Jobs**	**Cars**	**Jobs**	**Cars**	**Jobs**	**Cars**	**Jobs**	**Cars**
Committed	***100***	***150***	***25***	***100***	***120***	***100***	***50***	***500***	***50***	***36***	***140***	***975***	***1,300***	***30,000***	***3,000***	***500***
2004	119	0	15	0	132	17										
2005	206	0	13	0	139	19	72	8,068	50	28	45	0	1,890	16,715		
2006	189	448	14	0	139	0	72	9,860	66	44	45	100	1,651	20,240		
2007	183	697	19	0	140	0	73	18,164	64	41	45	103	1,700	21,671	105	0